

**CARBON COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Carbon County  
Price, Utah 84501

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, as of December 31, 2006, and for the year then ended, which collectively comprise the County's basic financial statement as listed in the table of contents. These financial statements are the responsibility of Carbon County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Southeastern Utah District Health Department Fund, and Municipal Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 3, 2007 on our consideration of Carbon County's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING



Price, Utah

August 3, 2007

**CARBON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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This discussion of Carbon County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

**Financial Highlights**

- The assets of Carbon County exceeded its liabilities as of December 31, 2006 by \$86,796,725 (net assets). Of this amount, \$5,734,983 (unrestricted net assets) may be used to meet the governments' ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,743,444. The expenditures were less than the adopted budgeted amounts and the revenues were more than the budgeted amounts.
- At the close of the current year, the Carbon County governmental funds reported combined ending fund balances of \$8,786,179, an increase of \$1,603,997 in comparison with the prior year. Approximately 34 percent of this total amount, \$2,966,909 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current year, unreserved fund balance for the general fund was \$2,687,582, or approximately 26.9 percent of total general fund expenditures.
- Carbon County's total debt increased significantly during the current year.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. Government-wide financial statements consist of the following: the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. This report also contains notes and other supplementary information in addition to the basic financial statements.

## **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of Carbon County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Carbon County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Carbon County is improving or deteriorating.

The Statement of Activities presents information showing revenues and expenditures of the County and how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Carbon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Carbon County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Carbon County are the Carbon County Municipal Building Authority and the County Court Complex.

The government-wide financial statements include not only Carbon County itself (known as the primary government), but also two legally separate special service districts, the Scofield Special Service District and the Carbon County Recreation & Transportation Special Service District, for which Carbon County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

## **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carbon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Carbon County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.



## **Fund financial statements (Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Carbon County maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, municipal services fund, and Southeastern Utah District Health, tax stability - permanent fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Carbon County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

- Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Carbon County uses an enterprise fund to account for its County Court Complex and Municipal Building Authority operations.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Carbon County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.
- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.
- Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Carbon County. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

## Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Carbon County, assets exceeded liabilities by \$86,796,725 at December 31, 2006.

By far the largest portion of Carbon County's net assets (88.65 percent) reflects its investment in capital assets (e.g. land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Carbon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carbon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Net Assets**

	Governmental Activities 2005	Governmental Activities 2006	Business-Type Activities 2005	Business-Type Activities 2006	Total Primary Government 2005	Total Primary Government 2006
Current and other assets	\$ 8,245,892	\$ 11,048,160	\$ (216,790)	\$ 2,059,860	\$ 8,029,102	\$ 13,108,020
Capital assets	<u>68,192,112</u>	<u>66,874,453</u>	<u>8,342,360</u>	<u>20,156,089</u>	<u>76,534,472</u>	<u>87,030,542</u>
Total assets	<u>\$ 76,438,004</u>	<u>\$ 77,922,613</u>	<u>\$ 8,125,570</u>	<u>\$ 22,215,949</u>	<u>\$ 84,563,574</u>	<u>\$ 100,138,562</u>
Long-term debt outstanding	\$ 695,749	\$ 687,605	\$ 3,392,592	\$ 9,323,363	\$ 4,088,341	\$ 10,010,968
Other liabilities	<u>1,085,970</u>	<u>2,285,182</u>	<u>335,982</u>	<u>1,045,688</u>	<u>1,421,952</u>	<u>3,330,870</u>
Total liabilities	<u>\$ 1,781,719</u>	<u>\$ 2,972,787</u>	<u>\$ 3,728,574</u>	<u>\$ 10,369,051</u>	<u>\$ 5,510,293</u>	<u>\$ 13,341,838</u>
Net assets:						
Investment in capital assets, net of debt	\$ 66,653,608	\$ 66,163,648	\$ 4,949,768	\$ 10,785,673	\$ 71,603,376	\$ 76,949,321
Restricted	<u>4,175,421</u>	<u>4,112,421</u>			<u>4,175,421</u>	<u>4,112,421</u>
Unrestricted (Deficit)	<u>3,827,256</u>	<u>4,673,758</u>	<u>(552,772)</u>	<u>1,061,225</u>	<u>3,274,484</u>	<u>5,734,983</u>
Total net assets	<u>\$ 74,656,285</u>	<u>\$ 74,949,827</u>	<u>\$ 4,396,996</u>	<u>\$ 11,846,898</u>	<u>\$ 79,053,281</u>	<u>\$ 86,796,725</u>

A portion of Carbon County's net assets (4.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$5,734,983 may be used to meet the government's on going obligations to citizens and creditors.

At the end of the year, Carbon County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

# Government-wide financial analysis (Continued)

Governmental activities increased Carbon County's net assets by \$7,743,444. Key elements of this increase are as follows:

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 6,595,197	\$ 7,048,422	\$ 481,212	\$ 486,507	\$ 7,076,409	\$ 7,534,929
Operating grants and cont.	4,001,964	4,280,412			4,001,964	4,280,412
Capital grants and cont.	212,890			6,997,086	212,890	6,997,086
General Revenues:						
Property taxes	5,670,334	6,209,171			5,670,334	6,209,171
Sales taxes	1,988,051	2,200,598			1,988,051	2,200,598
Other general revenues	2,061,114	2,098,744	12,421	247,168	2,073,535	2,345,912
<b>Total revenues</b>	<b>\$ 20,529,550</b>	<b>\$ 21,837,347</b>	<b>\$ 493,633</b>	<b>\$ 7,730,761</b>	<b>\$ 21,023,183</b>	<b>\$ 29,568,108</b>
<b>Program expenses</b>						
General government	\$ 4,183,771	\$ 4,398,973			\$ 4,183,771	\$ 4,398,973
Public safety	4,661,444	8,270,748			4,661,444	8,270,748
Public health	3,999,089	1,145,176			3,999,089	1,145,176
Highways and public improve.	5,772,797	5,909,384			5,772,797	5,909,384
Parks and recreation	503,585	1,153,604			503,585	1,153,604
Conservation & Econ. Dev.	749,938	526,118			749,938	526,118
Interest on long-term debt			\$ 102,103		102,103	
MBA			231,041	\$ 316,849	231,041	316,849
County Court Complex			89,360	103,812	89,360	103,812
<b>Total expenses</b>	<b>\$ 19,870,624</b>	<b>\$ 21,404,003</b>	<b>\$ 422,504</b>	<b>\$ 420,661</b>	<b>\$ 20,293,128</b>	<b>\$ 21,824,664</b>
<b>Excess (deficiency) before transfers</b>	<b>\$ 658,926</b>	<b>\$ 433,344</b>	<b>\$ 71,129</b>	<b>\$ 7,310,100</b>	<b>\$ 730,055</b>	<b>\$ 7,743,444</b>
Transfers		(139,802)		139,802		
<b>Change in net assets</b>	<b>\$ 658,926</b>	<b>\$ 293,542</b>	<b>\$ 71,129</b>	<b>\$ 7,449,902</b>	<b>\$ 730,055</b>	<b>\$ 7,743,444</b>
Net assets - beginning	\$ 73,997,359	\$ 74,656,285	\$ 4,325,867	\$ 4,396,996	\$ 78,323,226	\$ 79,053,281
Net assets - ending	74,656,285	74,949,827	4,396,996	11,846,898	79,053,281	86,796,725
<b>Change in net assets</b>	<b>\$ 658,926</b>	<b>\$ 293,542</b>	<b>\$ 71,129</b>	<b>\$ 7,449,902</b>	<b>\$ 730,055</b>	<b>\$ 7,743,444</b>

## Government-wide financial analysis (Continued)

For 2006 Carbon County experienced new growth totaling \$30,105,002 as reported to the State Tax Commission on form TC 714. This increase in new growth explains the \$65,209 increase in the General Fund property tax revenues for the County. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities increased Carbon County's net assets by \$7,449,902. Key elements of this increase are shown in Table 2 Change in Net Assets.

As noted earlier, Carbon County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- **Governmental funds** - The focus of Carbon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Carbon County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Carbon County's governmental funds reported combined ending fund balances of \$8,786,179, which is an increase of \$1,603,997 in comparison with the prior year. Approximately, 53 percent or \$4,673,758 constitutes unreserved fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of Carbon County. At the end of the current year, unreserved fund balance of the general fund was \$2,687,582.

- **Proprietary funds** - Carbon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets of the proprietary funds at the end of the year amounted to \$1,061,225.

## General Fund Budgetary Highlights

Changes from the original budget to the final are outlined below:

<u>Function</u>	<u>Original</u>	<u>Final</u>	<u>Change Inc. (Dec.)</u>
General Government	\$ 4,217,581	\$ 4,480,581	\$ 263,000
Public Safety	2,779,579	2,869,579	90,000
Public Health	226,800	227,800	1,000
Highway and Public Improvements	1,156,468	1,291,468	135,000
Parks, recreation and public property	224,517	234,517	10,000
Conservation and Economic Development	291,963	265,963	(26,000)
Contributions and miscellaneous	103,040	276,511	173,471
Net			<u>\$ 646,471</u>

## Capital Asset and Debt Administration

### Capital Assets

Carbon County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$66,874,453 (net of accumulated depreciation). This investment in capital assets includes land, rights of way, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Carbon County's capital assets for the current year was \$1,317,659.

#### Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Right of ways	\$ 1,361,829	\$ 1,361,829			\$ 1,361,829	\$ 1,361,829
Land	1,315,317	1,305,317	\$ 367,492	\$ 367,492	1,682,809	1,672,809
Buildings	1,881,490	1,771,292	7,535,889	19,190,632	9,417,379	20,961,924
Improvements other than buildings	5,281,375	5,418,395			5,281,375	5,418,395
Machinery and equipment	3,584,182	4,001,367	438,979	418,065	4,023,161	4,419,432
Infrastructure	54,621,919	52,870,253		179,900	54,621,919	53,050,153
Water stock	146,000	146,000			146,000	146,000
	<u>\$ 68,192,112</u>	<u>\$ 66,874,453</u>	<u>\$ 8,342,360</u>	<u>\$ 20,156,089</u>	<u>\$ 76,534,472</u>	<u>\$ 87,030,542</u>

Additional information on Carbon County's capital assets can be found in the notes to the financial statements.

## Long-term debt

As presented in the schedule below, the total long-term debt of Carbon County was \$10,034,169, which included revenue bonds, capital leases and compensated absences.

Additional information on Carbon County's long-term debt can be found in the notes to financial statements.

**Table 4**  
**Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Revenue Bonds			\$ 3,392,592	\$ 9,323,363	\$ 3,392,592	\$ 9,323,363
Capital Leases	\$ 176,675	\$ 154,414			176,675	154,414
Compensated Absences	541,335	556,392			541,335	556,392
	<u>\$ 718,010</u>	<u>\$ 710,806</u>	<u>\$ 3,392,592</u>	<u>\$ 9,323,363</u>	<u>\$ 4,110,602</u>	<u>\$ 10,034,169</u>

## Economic Factors and Next Year's Budgets and Rates

- The June 2006 unemployment rate for Carbon County was 3.3 percent, which is unchanged from a rate of 3.3 percent a year ago. This is higher than the state's average unemployment rate of 2.6 percent but lower than the national average rate of 4.5 percent for the same time period.
- The value of new residential and non-residential construction increased to \$20,726,265 from \$10,032,816. This represents a 107% increase from the previous year. This increase is largely due to the construction of the Carbon County Ambulance Garage, the Carbon County Maintenance Shop and the Carbon County Expo Center.
- Oil and gas production remained strong for 2006, which was the main factor in a certified new growth value of \$2,650,000.

All of these factors were considered in preparing Carbon County's budget for the 2007 year.

## Requests for Information

This financial report is designed to provide a general overview of Carbon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County Clerk-Auditor, 120 East Main, Price, Utah, 84501.

**CARBON COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash	\$ 907,008		\$ 907,008	\$ 3,665,020
Investments	8,715,305	\$ 1,905,446	10,620,751	979,161
Investments - restricted				9,224,977
Restricted cash	164,676		164,676	
Taxes receivable	267,949		267,949	
Notes receivable	988,177		988,177	
Miscellaneous receivables		154,414	154,414	
Due from other governments				2,191,281
Inventory of supplies	5,045		5,045	
Capital assets (net of accumulated depreciation):				
Land	1,305,317	367,492	1,672,809	1,421,615
Rights-of-way	1,361,829		1,361,829	
Water stock	146,000		146,000	110,000
Buildings	1,771,292	19,190,632	20,961,924	102,794
Improvements other than buildings	5,418,395		5,418,395	1,453,719
Fixtures and equipment	4,001,367	418,065	4,419,432	306,375
Infrastructure	52,870,254	179,900	53,050,154	
Total assets	\$ 77,922,614	\$ 22,215,949	\$ 100,138,563	\$ 19,454,942
<u>LIABILITIES</u>				
Accounts payable	\$ 1,840,760	\$ 911,810	\$ 2,752,570	\$ 1,108,951
Accrued payroll	186,130		186,130	193
Accrued liabilities	229,331		229,331	
Deferred revenue	5,760		5,760	
Deferred rents		86,825	86,825	
Bond interest payable		47,053	47,053	81,662
Capital leases payable - Due within one year	23,201		23,201	
Revenue bonds payable - Due within one year		238,087	238,087	1,091,206
Capital leases payable - Due in more than one year	131,213		131,213	
Revenue bonds payable - Due in more than one year		9,085,276	9,085,276	4,568,294
Compensated absences	556,392		556,392	
Total liabilities	\$ 2,972,787	\$ 10,369,051	\$ 13,341,838	\$ 6,850,306

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 66,163,648	\$ 10,785,673	\$ 76,949,321	\$ 3,128,562
Restricted for:				
Class "B" roads	138,780		138,780	
Economic development	372,050		372,050	
Municipal services	2,988,049		2,988,049	
Health care	587,646		587,646	
Capital projects				3,798,322
Landfill	25,896		25,896	
Debt service				5,593,559
Unrestricted	4,673,758	1,061,225	5,734,983	84,193
Total net assets	<u>\$ 74,949,827</u>	<u>\$ 11,846,898</u>	<u>\$ 86,796,725</u>	<u>\$ 12,604,636</u>

"The notes to the financial statements are an integral part of this statement."



**CARBON COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		COMPONENTS UNITS	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
<b>Function/Programs</b>								
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 4,396,973	\$ 314,762	\$ 34,665		\$ (4,049,546)	\$		\$ (4,049,546)
Public safety	8,270,748	1,498,302	654,572		(6,117,874)			(6,117,874)
Highways and public improvements	5,909,384	4,040,681	1,186,989		(681,714)			(681,714)
Public health	1,145,176	1,030,546	2,325,199		2,210,569			2,210,569
Parks and recreation	1,153,604	164,131			(989,473)			(989,473)
Conservation	526,118		78,987		(447,131)			(447,131)
<b>Total governmental activities</b>	<b>\$ 21,404,003</b>	<b>\$ 7,048,422</b>	<b>\$ 4,280,412</b>	<b>\$</b>	<b>\$ (10,075,169)</b>	<b>\$</b>		<b>\$ (10,075,169)</b>
<b>Business-type activities:</b>								
Municipal Building Authority	\$ 316,849	\$ 307,857		\$ 6,997,086		\$ 6,988,094		\$ 6,988,094
County Court Complex	103,912	178,630				74,838		74,838
<b>Total business-type activities</b>	<b>\$ 420,661</b>	<b>\$ 486,507</b>	<b>\$</b>	<b>\$ 6,997,086</b>	<b>\$</b>	<b>\$ 7,062,932</b>		<b>\$ 7,062,932</b>
<b>Total primary government</b>	<b>\$ 21,824,664</b>	<b>\$ 7,534,929</b>	<b>\$ 4,280,412</b>	<b>\$ 6,997,086</b>	<b>\$ (10,075,169)</b>	<b>\$ 7,062,932</b>		<b>\$ (3,012,237)</b>
<b>Component Unit:</b>								
Carbon County Recreation & Transportation								\$ 3,120,420
Special Service District								(20,413)
Scofield Reservoir Special Service District								
<b>Total component units</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$ 3,100,007</b>
<b>General revenues:</b>								
Property taxes				\$ 6,209,171	\$	\$ 6,209,171		\$ 6,209,171
Federal P.L.T.				631,388		631,388		631,388
Sales taxes				2,200,598		2,200,598		2,200,598
Miscellaneous taxes				232,381		232,381		232,381
Grants and contributions not restricted to specific program				234,322		234,322		234,322
Unrestricted investment earnings				329,038		329,038		329,038
Royalties				79,779		79,779		79,779
Gain/(Loss) on sale of fixed assets				260,693		260,693		260,693
Miscellaneous				307,033		307,033		307,033
Tippage fees				33,110		33,110		33,110
Transfer in (out)				(139,802)		139,802		
<b>Total general revenues and transfers</b>				<b>\$ 10,368,711</b>	<b>\$ 386,970</b>	<b>\$ 10,755,681</b>		<b>\$</b>
<b>Change in net assets</b>				<b>\$ 293,542</b>	<b>\$ 7,443,902</b>	<b>\$ 7,743,444</b>		<b>\$ 3,100,007</b>
<b>Net assets - beginning</b>								
<b>Prior period adjustment</b>								
<b>Net assets - ending</b>								

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	SOUTHEASTERN UTAH					TOTAL	
	GENERAL FUND	DISTRICT HEALTH	MUNICIPAL SERVICES	TAX STABILITY	OTHER GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
Cash	\$	429,419	\$	115,962	\$	361,627	\$ 907,008
Restricted cash	\$ 25,896		\$ 138,780				164,676
Investments	3,158,449		3,965,969	1,590,887			8,715,305
Receivables (net):							
Taxes	260,424		7,525				267,949
Other	198,732	286,838	321,834		180,773		988,177
Inventories		5,045					5,045
Total assets	\$ 3,643,501	\$ 721,302	\$ 4,434,108	\$ 1,706,849	\$ 542,400	\$	11,048,160
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 213,548	\$ 98,479	\$ 1,275,224		\$ 253,509	\$	1,840,760
Accrued payroll	186,130						186,130
Accrued liabilities	158,295	35,177	26,295		9,564		229,331
Deferred revenue			5,760				5,760
Total liabilities	\$ 557,973	\$ 133,656	\$ 1,307,279	\$	\$ 263,073	\$	2,261,981
Fund balances:							
Reserved for:							
Class "B" road			\$ 138,780			\$	138,780
Economic development	\$ 372,050						372,050
Municipal services			2,988,049				2,988,049
Health care		\$ 587,646					587,646
Landfill	25,896						25,896
Unreserved, reported in:							
General fund	2,687,582						2,687,582
Special revenue funds							
Permanent				\$ 1,706,849	\$ 279,327		279,327
Total fund balances	\$ 3,085,528	\$ 587,646	\$ 3,126,829	\$ 1,706,849	\$ 279,327	\$	8,786,179
Total liabilities and fund balances	\$ 3,643,501	\$ 721,302	\$ 4,434,108	\$ 1,706,849	\$ 542,400	\$	11,048,160

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**BALANCE SHEET RECONCILIATION TO**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

Total fund balances - governmental fund types:

\$ 8,786,179

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,305,317	
Rights of Way		1,361,829	
Water stock		146,000	
Buildings		1,771,292	
Improvements other than buildings		5,418,395	
Fixtures and equipment		4,001,367	
Infrastructure		<u>52,870,253</u>	
 Total			 <b>66,874,453</b>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable - Due within one year	\$	(23,200)	
Capital leases payable - Due in more than one year		(131,213)	
Compensated absences		<u>(556,392)</u>	
 Total			 <u><b>(710,805)</b></u>

Net assets of government activities

**\$ 74,949,827**

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	SOUTHEASTERN UTAH				
	GENERAL FUND	DISTRICT HEALTH	MUNICIPAL SERVICES	TAX STABILITY	OTHER GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes	\$ 7,175,705		\$ 1,248,977		\$ 211,018
Licenses and permits	35,705		73,321		
Intergovernmental revenues	470,834	\$ 2,086,742	2,068,001		645,530
Charges for services	978,173	833,030	3,833,058		164,131
Fines and forfeitures	315,834			\$ 76,198	
Interest income	214,956	17,646			
Contributions			66,717		234,322
Miscellaneous	900,389				353,581
					1,320,687
Total revenues	\$ 10,091,596	\$ 2,937,418	\$ 7,290,074	\$ 76,198	\$ 1,608,582
					\$ 22,003,868
<b>EXPENDITURES:</b>					
Current:					
General government	\$ 4,079,963		\$ 351,590		\$ 4,431,553
Public safety	2,625,259	\$ 2,951,469	2,682,822		8,551,858
Highways and public improvements	1,255,857		2,819,324		4,075,181
Public health	169,180				1,232,591
Parks, recreation, and public property	223,622		9,441		780,469
Conservation and economic development	182,766				380,537
Capital outlay					274,847
Contributions and miscellaneous	117,204				117,204
Total expenditures	\$ 8,653,851	\$ 2,951,469	\$ 5,863,177	\$	\$ 2,791,572
					\$ 20,260,069
Excess revenues over (under) expenditures	\$ 1,437,745	\$ (14,051)	\$ 1,426,897	\$ 76,198	\$ (1,182,990)
					\$ 1,743,799
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	\$ 1,700,000			\$ 100,000	\$ 1,255,704
Transfers out	(1,340,704)		\$ (1,700,000)		(154,802)
					\$ 3,055,704
Total other financing sources (uses)	\$ 359,296	\$	\$ (1,700,000)	\$ 100,000	\$ (139,802)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 1,797,041	\$ (14,051)	\$ (273,103)	\$ 176,198	\$ (82,088)
					\$ 1,603,997
<b>FUND BALANCES - beginning of year</b>	1,288,487	601,697	3,399,932	1,530,651	361,415
					7,182,182
<b>FUND BALANCES - end of year</b>	\$ 3,085,528	\$ 587,646	\$ 3,126,829	\$ 1,706,849	\$ 279,327
					\$ 8,786,179

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF CHANGES RECONCILIATION TO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 1,603,997

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

General government	\$ 142,070
Public safety	513,494
Public health	131,974
Highways	656,191
Parks and recreation	285,794
Capital outlay	<u>37,235</u>
Total assets shown as expenditures	\$ 1,766,758
Less: depreciation	<u>(3,035,100)</u>
Difference between expenditure and depreciation	(1,268,342)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade ins, and donation) is to decrease net assets.	(49,317)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	22,261
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(15,057)</u>
Change in net assets of governmental activities	<u>\$ 293,542</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Taxes:				
General property taxes - current year	\$ 3,800,000	\$ 4,546,083	\$ 4,544,898	\$ (1,185)
General property taxes - assessing & collecting	732,000	732,000	826,719	94,719
Prior year taxes - delinquent	110,000	110,000	90,566	(19,434)
General sales and use taxes	800,000	800,000	1,023,278	223,278
Fees in lieu of taxes	625,110	625,110	464,314	(160,796)
Franchise taxes	45,000	45,000	26,082	(18,918)
Restaurant tax	160,000	160,000	197,583	37,583
Miscellaneous taxes	3,000	3,000	2,265	(735)
Total taxes	\$ 6,275,110	\$ 7,021,193	\$ 7,175,705	\$ 154,512
Licenses and Permits:				
Business licenses and permits	\$ 34,000	\$ 34,000	\$ 33,415	\$ (585)
Non-business licenses and permits	3,000	3,000	2,290	(710)
Total licenses and permits	\$ 37,000	\$ 37,000	\$ 35,705	\$ (1,295)
Intergovernmental Revenues:				
Federal sources -				
Children's Justice	\$ 256,600	\$ 256,600	\$ 255,695	\$ (905)
Victim's Rights	42,100	42,100	27,635	(14,465)
Forest Reserve			1,947	1,947
Council on Defense	7,000	7,000	1,875	(5,125)
Miscellaneous			133,987	133,987
Total federal sources	\$ 305,700	\$ 305,700	\$ 421,139	\$ 115,439
State sources -				
Payment in lieu of tax	\$ 90,000	\$ 90,000	\$ 6,451	\$ (83,549)
Other state grants	25,000	25,000	14,761	(10,239)
Library service grant	13,530	13,530	19,904	6,374
EMS Grant	25,000	25,000	8,579	(16,421)
Total state sources	\$ 153,530	\$ 153,530	\$ 49,695	\$ (103,835)
Total intergovernmental revenues	\$ 459,230	\$ 459,230	\$ 470,834	\$ 11,604

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>Charges for Services:</b>				
General government -				
Recorder fees	\$ 100,000	\$ 100,000	\$ 131,307	\$ 31,307
Auditor fees	10,000	10,000	14,127	4,127
Total general government	\$ 110,000	\$ 110,000	\$ 145,434	\$ 35,434
Public safety -				
Jail fees	\$ 150,000	\$ 150,000	\$ 146,704	\$ (3,296)
Court costs and fees	93,000	93,000	73,136	(19,864)
Total public safety	\$ 243,000	\$ 243,000	\$ 219,840	\$ (23,160)
Other charges for services -				
Parks and public property	\$ 22,000	\$ 22,000	\$ 23,250	\$ 1,250
Ambulance fees	400,000	400,000	554,132	154,132
Miscellaneous	15,500	15,500	7,168	(8,332)
G.I.S. fees	23,000	23,000	28,349	5,349
Total other charges for services	\$ 460,500	\$ 460,500	\$ 612,899	\$ 152,399
Total charges for services	\$ 813,500	\$ 813,500	\$ 978,173	\$ 164,673
<b>Fines and Forfeitures:</b>				
Fines	\$ 350,000	\$ 350,000	\$ 315,834	\$ (34,166)
Total fines and forfeitures	\$ 350,000	\$ 350,000	\$ 315,834	\$ (34,166)
<b>Miscellaneous Revenues:</b>				
Interest	\$ 50,000	\$ 50,000	\$ 214,956	\$ 164,956
Rents and concessions	3,500	3,500	47,315	43,815
Royalties	110,000	110,000	79,779	(30,221)
Sale of fixed assets	10,000	10,000	310,010	300,010
Airport fees and fuel sales	120,000	120,000	306,973	186,973
Tippage fees - ECDC	105,000	105,000	33,110	(71,890)
Miscellaneous	207,700	207,700	123,202	(84,498)
Contributions of surplus	99,612			
Total miscellaneous revenues	\$ 705,812	\$ 606,200	\$ 1,115,345	\$ 509,145
Total Revenues	\$ 8,640,652	\$ 9,287,123	\$ 10,091,596	\$ 804,473

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXPENDITURES				
Current:				
General Government:				
Commission	\$ 274,158	\$ 274,158	\$ 259,801	\$ 14,357
Justice court	272,664	272,664	268,285	4,379
District court	7,000	7,000	2,523	4,477
Public defender	175,000	285,000	281,438	3,562
Personel	79,707	99,707	95,080	4,627
Clerk/Auditor	246,136	246,136	220,320	25,816
Treasurer	133,144	133,144	120,182	12,962
Recorder	228,208	228,208	223,221	4,987
Attorney	595,492	595,492	521,205	74,287
Assessor	385,684	385,684	379,723	5,961
Non-Departmental	473,500	473,500	359,045	114,455
Data processing	318,934	323,934	282,878	41,056
Law library	2,000	4,000	2,855	1,145
Central purchasing	4,000	8,000	7,874	126
Micro filming	21,347	21,347	18,249	3,098
Central mailing	32,000	32,000	27,616	4,384
Communications	107,481	127,481	120,880	6,601
Attorney - Childrens Justice	271,222	281,222	279,883	1,339
Building and grounds	111,300	151,300	130,956	20,344
Engineering	81,876	94,876	93,543	1,333
Safety	77,006	80,006	73,377	6,629
Elections	85,285	85,285	54,878	30,407
Graphical information service	158,566	183,566	183,213	353
Industrial park	75,871	86,871	72,938	13,933
Total general government	\$ 4,217,581	\$ 4,480,581	\$ 4,079,963	\$ 400,618
Public Safety:				
Victims rights	\$ 30,259	\$ 40,259	\$ 39,333	\$ 926
Dispatch	160,000	160,000	79,205	80,795
Ambulance service	676,256	756,256	748,619	7,637
Jail complex	1,833,263	1,833,263	1,696,399	136,864
Civil defense	79,801	79,801	61,703	18,098
Total public safety	\$ 2,779,579	\$ 2,869,579	\$ 2,625,259	\$ 244,320

The notes to the financial statements are an integral part of this statement.



**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Public Health:				
Indigent	\$ 6,500	\$ 7,500	\$ 5,923	\$ 1,577
Public health	115,300	115,300	115,266	34
Mental health	105,000	105,000	47,991	57,009
Total public health	\$ 226,800	\$ 227,800	\$ 169,180	\$ 58,620
Highways and Public Improvements:				
Landfill	\$ 393,646	\$ 393,646	\$ 328,540	\$ 65,106
Maintenance and abatement	428,115	428,115	407,936	20,179
Airport	334,707	469,707	519,381	(49,674)
Total highways and public improvements	\$ 1,156,468	\$ 1,291,468	\$ 1,255,857	\$ 35,611
Parks, Recreation and Public Property:				
Recreation - Television	\$ 115,817	\$ 125,817	\$ 119,943	\$ 5,874
Library	108,700	108,700	103,679	5,021
Total parks, recreation and public property	\$ 224,517	\$ 234,517	\$ 223,622	\$ 10,895
Conservation and Economic Development:				
Agriculture and extension services	\$ 54,963	\$ 54,963	\$ 54,128	\$ 835
Water development	77,000	51,000	50,083	917
Economic development - restaurant tax	160,000	160,000	78,555	81,445
Total conservation and economic development	\$ 291,963	\$ 265,963	\$ 182,766	\$ 83,197
Contributions and Miscellaneous:				
Contributions to other governmental agencies	\$ 45,220	\$ 75,020	\$ 69,904	\$ 5,116
Miscellaneous	57,820	54,020	47,300	6,720
Contribution to surplus		147,471		147,471
Total contributions and miscellaneous	\$ 103,040	\$ 276,511	\$ 117,204	\$ 159,307
Total expenditures	\$ 8,999,948	\$ 9,646,419	\$ 8,653,851	\$ 992,568
Excess of revenues over (under) expenditures	\$ (359,296)	\$ (359,296)	\$ 1,437,745	\$ 1,797,041

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	
Transfers out	(1,340,704)	(1,340,704)	(1,340,704)	
Total other financing sources (uses)	\$ 359,296	\$ 359,296	\$ 359,296	\$ ...
Excess of revenues and other sources over (under) expenditures and other uses	\$ ...	\$ ...	\$ 1,797,041	\$ 1,797,041
Fund balance - beginning of year			1,288,487	1,288,487
Fund balance - end of year	\$ ...	\$ ...	\$ 3,085,528	\$ 3,085,528

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental				
Federal, State and Local funds	\$ 2,705,419	\$ 2,705,419	\$ 2,086,742	\$ (618,677)
Total Intergovernmental	\$ 2,705,419	\$ 2,705,419	\$ 2,086,742	\$ (618,677)
Charges for services				
Charges for services	\$ 1,005,764	\$ 1,005,764	\$ 833,030	\$ (172,734)
Total Charges for services	\$ 1,005,764	\$ 1,005,764	\$ 833,030	\$ (172,734)
Miscellaneous				
Investment earnings			\$ 17,646	\$ 17,646
Total miscellaneous	\$ ...	\$ ...	\$ 17,646	\$ 17,646
Total Revenues	\$ 3,711,183	\$ 3,711,183	\$ 2,937,418	\$ (773,765)
<b>EXPENDITURES</b>				
Current:				
Public health	\$ 3,701,412	\$ 3,701,412	\$ 2,951,469	\$ 749,943
Total public health	\$ 3,701,412	\$ 3,701,412	\$ 2,951,469	\$ 749,943
Total expenditures	\$ 3,701,412	\$ 3,701,412	\$ 2,951,469	\$ 749,943
Excess of revenue over (under) expenditures	\$ 9,771	\$ 9,771	\$ (14,051)	\$ (23,822)
Fund balance - beginning of year			601,697	601,697
Fund balance - end of year	\$ 9,771	\$ 9,771	\$ 587,646	\$ 577,875

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**MUNICIPAL SERVICES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Taxes	\$ 966,900	\$ 1,192,820	\$ 1,248,977	\$ 56,157
Licenses and permits	87,000	77,000	73,321	(3,679)
Intergovernmental	2,130,492	2,460,492	2,068,001	(392,491)
Charges for services	3,669,000	3,832,000	3,833,058	1,058
Miscellaneous	23,500	16,500	66,717	50,217
Contributions - surplus	352,819	473,149		(473,149)
Total Revenues	\$ 7,229,711	\$ 8,051,961	\$ 7,290,074	\$ (761,887)
<b>EXPENDITURES:</b>				
General government	\$ 283,714	\$ 363,964	\$ 351,590	\$ 12,374
Public safety	3,080,766	3,320,766	2,682,822	637,944
Parks, recreation and public property	10,000	12,000	9,441	2,559
Highways and public improvements	2,155,231	2,655,231	2,819,324	(164,093)
Total expenditures	\$ 5,529,711	\$ 6,351,961	\$ 5,863,177	\$ 488,784
Excess of revenue over (under) expenditures	\$ 1,700,000	\$ 1,700,000	\$ 1,426,897	\$ (273,103)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	\$ (1,700,000)	\$ (1,700,000)	\$ (1,700,000)	
Total other financing sources (uses)	\$ (1,700,000)	\$ (1,700,000)	\$ (1,700,000)	\$ ...
Excess of revenue and other sources over (under) expenditures and other uses	\$ ...	\$ ...	\$ (273,103)	\$ (273,103)
Fund balance - beginning of year			3,399,932	3,399,932
Fund balance - end of year	\$ ...	\$ ...	\$ 3,126,829	\$ 3,126,829

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
<b><u>ASSETS</u></b>			
Current assets:			
Investments	\$ 1,454,217	\$ 451,229	\$ 1,905,446
Receivables - net			
Miscellaneous	154,414		154,414
Total current assets	\$ 1,608,631	\$ 451,229	\$ 2,059,860
Noncurrent assets:			
Land	\$ 169,492	\$ 198,000	\$ 367,492
Roads	179,900		179,900
Buildings	20,064,550	1,576,152	21,640,702
Furniture, fixtures and equipment	644,908	112,989	757,897
Less: accumulated depreciation	(1,918,466)	(871,436)	(2,789,902)
Total noncurrent assets	\$ 19,140,384	\$ 1,015,705	\$ 20,156,089
Total assets	\$ 20,749,015	\$ 1,466,934	\$ 22,215,949
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ 911,752	\$ 58	\$ 911,810
Deferred rents		86,825	86,825
Accrued interest payable	47,053		47,053
Revenue bonds - Due within one year	238,087		238,087
Total current liabilities	\$ 1,196,892	\$ 86,883	\$ 1,283,775
Noncurrent liabilities:			
Revenue bonds - Due in more than one year	\$ 9,085,276		\$ 9,085,276
Total noncurrent liabilities	\$ 9,085,276	\$ ...	\$ 9,085,276
Total liabilities	\$ 10,282,168	\$ 86,883	\$ 10,369,051
Net Assets:			
Invested in capital assets, net of related debt	\$ 10,466,847	\$ 1,380,051	\$ 11,846,898
Total net assets	\$ 10,466,847	\$ 1,380,051	\$ 11,846,898

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
Operating revenues:			
Rental income	\$ 307,857	\$ 178,650	\$ 486,507
Total operating revenues	\$ 307,857	\$ 178,650	\$ 486,507
Operating expenses:			
Utilities		\$ 35,844	\$ 35,844
Repairs and maintenance		22,328	22,328
Depreciation	\$ 222,014	45,640	267,654
Total operating expenses	\$ 222,014	\$ 103,812	\$ 325,826
Operating income (loss)	\$ 85,843	\$ 74,838	\$ 160,681
Nonoperating revenues (expenses):			
Interest revenue	\$ 247,168		\$ 247,168
Interest expense	(94,835)		(94,835)
Contributions from other agencies	3,536,766		3,536,766
Grants	3,460,320		3,460,320
Total nonoperating revenues (expenses)	\$ 7,149,419	\$ ...	\$ 7,149,419
Income (loss) before contributions and transfers	\$ 7,235,262	\$ 74,838	\$ 7,310,100
Transfers:			
Transfers in	\$ 139,802		\$ 139,802
Total transfers in	\$ 139,802	\$ ...	\$ 139,802
Change in net assets	\$ 7,375,064	\$ 74,838	\$ 7,449,902
Total net assets - beginning	3,091,783	1,305,213	4,396,996
Total net assets - ending	\$ 10,466,847	\$ 1,380,051	\$ 11,846,898

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 330,118	\$ 178,650	\$ 508,768
Payments to suppliers		(58,807)	(58,807)
Net cash provided (used) by operating activities	\$ 330,118	\$ 119,843	\$ 449,961
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	\$ (11,339,132)	\$ (28,547)	\$ (11,367,679)
Principal paid on capital debt	(231,929)	(91,300)	(323,229)
Interest paid on capital debt	(98,198)		(98,198)
Contributions from other agencies	3,536,766		3,536,766
Transfers from other funds	139,802		139,802
Proceeds from bonds issued	6,254,000		6,254,000
Grants	3,460,320		3,460,320
Net cash provided (used) by capital and related financing activities	\$ 1,721,629	\$ (119,847)	\$ 1,601,782
<b>Cash Flows From Investing Activities:</b>			
Interest and dividends received	\$ 247,168		\$ 247,168
Net cash provided (used) by investing activities	\$ 247,168	\$ ...	\$ 247,168
Net increase (decrease) in cash and cash equivalents	\$ 2,298,915	\$ (4)	\$ 2,298,911
Cash and cash equivalents, January 1	(844,698)	451,233	(393,465)
Cash and cash equivalents, December 31	\$ 1,454,217	\$ 451,229	\$ 1,905,446

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	<u>\$ 85,843</u>	<u>\$ 74,838</u>	<u>\$ 160,681</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 222,014	\$ 45,640	\$ 267,654
Increase (Decrease) in accounts payable		(635)	(635)
Increase (Decrease) in accounts receivable	<u>22,261</u>		<u>22,261</u>
Total adjustments	<u>\$ 244,275</u>	<u>\$ 45,005</u>	<u>\$ 289,280</u>
Net cash provided (used) by operating activities	<u>\$ 330,118</u>	<u>\$ 119,843</u>	<u>\$ 449,961</u>

"The notes to the financial statements are an integral part of this statement."



**CARBON COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2006**

	<u>AGENCY FUNDS</u>
<u><b>ASSETS</b></u>	
Cash	\$ 1,449,263
Receivables (net):	
Taxes	359,909
Miscellaneous	1,897
Investments	<u>473,528</u>
Total assets	<u>\$ 2,284,597</u>
<u><b>LIABILITIES</b></u>	
Precinct fees, bail and bonds payable	\$ 45,269
Accounts payable	18,835
Due to other governments and agencies	975,003
Due taxing units	1,243,456
Alimony support and miscellaneous	<u>2,034</u>
Total liabilities	<u>\$ 2,284,597</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
DECEMBER 31, 2006**

	SCOFIELD RESERVOR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	TOTAL
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 59,331	\$ 3,605,689	\$ 3,665,020
Investments	198,734	780,427	979,161
Restricted Investments		9,224,977	9,224,977
Due from other governments		2,191,281	2,191,281
Capital assets (net of accumulated depreciation):			
Land	16,128	1,405,487	1,421,615
Buildings		102,794	102,794
Equipment		306,375	306,375
Sewer systems and improvements	700,496	753,223	1,453,719
Water stock		110,000	110,000
Total assets	<u>\$ 974,689</u>	<u>\$ 18,480,253</u>	<u>\$ 19,454,942</u>
<b><u>LIABILITIES</u></b>			
Accounts payable		\$ 1,108,951	\$ 1,108,951
Accrued liabilities		193	193
Bond interest payable	\$ 393	81,269	81,662
Revenue bonds payable - Due within one year	9,206	1,082,000	1,091,206
Revenue bonds payable - Due in more than one year	56,735	4,511,559	4,568,294
Total liabilities	<u>\$ 66,334</u>	<u>\$ 6,783,972</u>	<u>\$ 6,850,306</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 650,683	\$ 2,477,879	\$ 3,128,562
Restricted for:			
Capital projects		3,798,322	3,798,322
Debt Service		5,593,559	5,593,559
Unrestricted	257,672	(173,479)	84,193
Total net assets	<u>\$ 908,355</u>	<u>\$ 11,696,281</u>	<u>\$ 12,604,636</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Function/Programs	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		TOTAL
			SCOFIELD RESERVOIR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	
<b>Governmental activities:</b>					
<b>Carbon County Recreation &amp; Transportation   Special Service District</b>					
Highways and public improvements	\$ 3,890,925	\$ 575,175		\$ (3,315,750)	\$ (3,315,750)
Parks, recreation and public improvements	439,068			(439,068)	(439,068)
Intergovernmental	3,762,076			(3,762,076)	(3,762,076)
Interest on long term liabilities	215,025			(215,025)	(215,025)
<b>Total governmental activities</b>	<b>\$ 8,307,094</b>	<b>\$ 575,175</b>	<b>\$ ...</b>	<b>\$ (7,731,919)</b>	<b>\$ (7,731,919)</b>
<b>Business-type activities:</b>					
<b>Scofield Reservoir Special Service District</b>			\$ (30,576)		\$ (30,576)
<b>Total business-type activities</b>	<b>\$ ...</b>	<b>\$ ...</b>	<b>\$ (30,576)</b>	<b>\$ ...</b>	<b>\$ (30,576)</b>
<b>Total component units</b>	<b>\$ 8,307,094</b>	<b>\$ 575,175</b>	<b>\$ (30,576)</b>	<b>\$ (7,731,919)</b>	<b>\$ (7,762,495)</b>
<b>General revenues:</b>					
Mineral lease revenue				\$ 10,238,598	\$ 10,238,598
Investment earnings			\$ 11,742	521,569	533,311
State PILT				92,172	92,172
Interest expense			(1,579)		(1,579)
<b>Total general revenues and transfers</b>			<b>\$ 10,163</b>	<b>\$ 10,852,339</b>	<b>\$ 10,862,502</b>
<b>Change in net assets</b>			<b>\$ (20,413)</b>	<b>\$ 3,120,420</b>	<b>\$ 3,100,007</b>
<b>Net assets - beginning</b>			<b>928,768</b>	<b>8,477,861</b>	<b>9,406,629</b>
<b>Prior period adjustment</b>				<b>98,000</b>	<b>98,000</b>
<b>Net assets - ending</b>			<b>\$ 908,355</b>	<b>\$ 11,696,281</b>	<b>\$ 12,604,636</b>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Carbon County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

**A. Reporting Entity**

For financial reporting purposes, Carbon County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

The following County districts had separately issued financial statements and were audited or had financial statements compiled or reviewed by other independent auditors:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

**Price River Water Improvement District and Carbon Water Conservancy District** - The water conservancy districts were created for the conservation and development of the water and land resources of Utah and for the greatest beneficial use of water within the state. Water conservancy districts are created under the "Water Conservancy Act". The Districts' were audited or had financial statements compiled or reviewed by other independent auditors and issued under separate cover.

**Blended Component Units**

These component units are entities, which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

**Municipal Building Authority of Carbon County** - The Municipal Building Authority of Carbon County was created by the County Commission as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Commission and may be removed and replaced at any time by its discretion.

**Southeastern Utah District Health** - State law allows the creation of multi-county health departments. Local health departments are responsible within their boundaries for providing, directly or indirectly, basic public health services. The County Commissioner within the boundaries of the health district appoints the health district board.

**Discrete Component Units**

These component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

**Scofield Reservoir Special Service District**

The District was created by the Carbon County Commission under state statute. It has a seven-member board. Its primary purpose and function is to provide a waste disposal system for the residence in and around Scofield Reservoir.

**Carbon County Recreation & Transportation Special Service District**

The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the District's governing board. The District was created for the purpose of providing services for recreation, transportation, garbage, fire protection, dispatch and animal control, within the District's boundaries. The District was audited and their report has been issued under separate cover.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements ( i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental-wide Financial Statements** -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

The County reports the following major governmental funds:

- **General Fund** - The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- **Southeastern Utah District Health Fund** - The Southeastern Utah District Health Fund is used to account for revenues and expenditures used to provide basic public health services.
- **Municipal Services Fund** - The Municipal Services Fund accounts for monies received by the County for the purpose of providing municipal type services for the unincorporated areas of the County.
- **Tax Stability Fund** - This fund accounts for the monies, which are transferred from other funds to be used for emergency situations.

The County's non-major governmental funds include other special revenue funds, and capital projects fund. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The Capital Projects fund is used to record activity of a small capital project.

**Proprietary Fund Financial Statements** - The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The county reports the following major proprietary funds:

- **Municipal Building Authority** – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.
- **County Court Complex** – This fund accounts for the activity of owning and renting the court building to the State of Utah.

**Fiduciary Fund Financial Statements** – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Private-Sector Standards of Accounting and Financial Reporting** – Relative to both the government-wide and proprietary fund statements, the County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

**Interfund Transactions** – Interfund transactions represent transactions between different funds within the County. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide statement of activities. Interfund receivables and payables have been eliminated from the government-wide statement of net assets.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Program Revenues/Operating Revenues and Expenses From Non-Operating Items** – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, permanent funds and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the Board of County Commissioners a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board of County Commissioners discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice).

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventories**

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

**G. Compensated Absences**

It is the County's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. An estimate of sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Employees can carry over up to 192 hours of unused vacation from one year to the next. Hours that exceed the 192 hours are lost if unused. Employees can carry over unlimited hours of unused sick leave from one year to the next. Employees will only be paid for unused sick leave upon termination or retirement, at a rate of 4 to 1.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$556,392.

**H. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**I. Capital Assets**

Capital assets include land, rights of ways, buildings, improvements other than buildings, machinery and equipment, and infrastructure (roads and bridges). These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. **Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	15-40 years
Equipment	5-10 years
Infrastructure, (bridges)	20-50 years

J. **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

## 2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

<b>Primary Government Governmental activities:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Land	\$ 1,315,317		\$ (10,000)	\$ 1,305,317
Rights of Way	1,361,829			1,361,829
Water stock	146,000			146,000
Total capital assets not not being depreciated	<u>\$ 2,823,146</u>	<u>\$ ...</u>	<u>\$ (10,000)</u>	<u>\$ 2,813,146</u>
Capital assets being depreciated:				
Buildings	\$ 4,231,891		\$ (153,435)	\$ 4,078,456
Improvements other than buildings	9,853,527	\$ 405,747		10,259,274
Machinery and equipment	10,528,348	1,181,111	(210,313)	11,499,146
Infrastructure (Roads & Bridges)	121,523,719	179,900		121,703,619
Total capital assets being depreciated	<u>\$ 146,137,485</u>	<u>\$ 1,766,758</u>	<u>\$ (363,748)</u>	<u>\$ 147,540,495</u>
Less accumulated depreciation for:				
Buildings	\$ 2,350,401	\$ 88,251	\$ (131,488)	\$ 2,307,164
Improvements other than buildings	4,572,152	268,727		4,840,879
Machinery and equipment	6,944,166	746,556	(192,943)	7,497,779
Infrastructure (Roads & Bridges)	66,901,800	1,931,566		68,833,366
Total accumulated depreciation	<u>\$ 80,768,519</u>	<u>\$ 3,035,100</u>	<u>\$ (324,431)</u>	<u>\$ 83,479,188</u>
Total capital assets, being depreciated, net	<u>\$ 65,368,966</u>	<u>\$(1,268,342)</u>	<u>\$ (39,317)</u>	<u>\$ 64,061,307</u>
Governmental activities capital assets, net	<u>\$ 68,192,112</u>	<u>\$(1,268,342)</u>	<u>\$ (49,317)</u>	<u>\$ 66,874,453</u>

2. **CAPITAL ASSETS (Continued)**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 367,492			\$ 367,492
Total capital assets not being depreciated	\$ 367,492	\$ ...	\$ ...	\$ 367,492
Capital assets being depreciated:				
Buildings	\$ 9,767,767	\$ 11,872,935		\$ 21,640,702
Roads		179,900		179,900
Machinery and equipment	729,350	28,547		757,897
Total capital assets being depreciated	\$ 10,497,117	\$ 12,081,382	\$ ...	\$ 22,578,499
Less accumulated depreciation for:				
Buildings	\$ 2,231,878	\$ 218,191		\$ 2,450,069
Roads				
Machinery and equipment	290,371	49,462		339,833
Total accumulated depreciation	\$ 2,522,249	\$ 267,653	\$ ...	\$ 2,789,902
Total capital assets, being depreciated, net	\$ 7,974,868	\$ 11,813,729	\$ ...	\$ 19,788,597
Business-type activities capital assets, net	\$ 8,342,360	\$ 11,813,729	\$ ...	\$ 20,156,089

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 116,558
Public safety	228,009
Public Health	2,493,907
Highways and public improvements	51,204
Parks and recreation	143,034
Conservation and economic development	2,388

Total depreciation expense - governmental activities \$ 3,035,100

**Business-type activities:**

County Court Complex	\$ 222,013
Municipal building authority	45,640

Total depreciation expense - Business-Type Activities \$ 267,653

Total depreciation expense \$ 3,302,753

2. **CAPITAL ASSETS (Continued)**

<b>Component units:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Land	\$ 1,421,615			\$ 1,421,615
Water stock	110,000			110,000
Total capital assets not being depreciated	\$ 1,531,615	\$ ...	\$ ...	\$ 1,531,615
Capital assets being depreciated:				
Buildings	\$ 141,618			\$ 141,618
Improvements other than buildings	2,577,622			2,577,622
Machinery and equipment	384,136	\$ 118,344		502,480
Total capital assets being depreciated	\$ 3,103,376	\$ 118,344	\$ ...	\$ 3,221,720
Less accumulated depreciation for:				
Buildings	\$ 35,284	\$ 3,540		\$ 38,824
Improvements other than buildings	1,047,364	76,538		1,123,902
Machinery and equipment	161,036	35,070		196,106
Total accumulated depreciation	\$ 1,243,684	\$ 115,148	\$ ...	\$ 1,358,832
Total capital assets, being depreciated, net	\$ 1,859,692	\$ 3,196	\$ ...	\$ 1,862,888
Component units capital assets, net	\$ 3,391,307	\$ 3,196	\$ ...	\$ 3,394,503

Depreciation expense was recorded as an expense for the following component units:

Carbon County Recreation & Transportation Special Service District	\$ 84,053
Scofield Reservoir Special Service District	31,095
Total depreciation expense	\$ 115,148

### 3. LONG-TERM DEBT

#### **Primary Government**

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 23,201	\$ 5,404	\$ 28,605	\$ 238,087	\$ 91,110	\$ 329,197
2008	23,137	4,592	27,729	543,289	83,772	627,061
2009	24,072	3,783	27,855	551,497	76,155	627,652
2010	25,005	2,940	27,945	559,709	68,292	628,001
2011	28,992	2,065	31,057	539,927	60,185	600,112
2012-2016	30,007	1,050	31,057	2,683,665	187,759	2,871,424
2017-2021				2,046,000	23,380	2,069,380
2022-2026				1,569,189		1,569,189
2027-2031				531,000		531,000
2032				61,000		61,000
	<u>\$ 154,414</u>	<u>\$ 19,834</u>	<u>\$ 174,248</u>	<u>\$ 9,323,363</u>	<u>\$ 590,653</u>	<u>\$ 9,914,016</u>

**Revenue Bonds** – Revenue Bonds payable at December 31, 2006, with their outstanding balances are comprised of the following individual issues:

#### **Business-type Activities:**

#### **MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH LEASE REVENUE BOND - SERIES 1990 INTEREST RATE 3.5% PER ANNUM**

The Municipal Building Authority of Carbon County, Utah sold \$400,000 in revenue bonds. The proceeds from the sale were used to purchase and renovate a commercial building in Price. Southeastern Utah District Health Department has entered into a capital lease on the building. The payments will be used to retire the revenue bond.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08	\$ 3,605	\$ 25,000	\$ 28,605
01-01-09	2,730	25,000	27,730
01-01-10	1,820	26,000	27,820
01-01-11	910	27,000	27,910
	<u>\$ 9,065</u>	<u>\$ 103,000</u>	<u>\$ 112,065</u>

3. **LONG-TERM DEBT (Continued)**

**LEASE REVENUE BONDS - SERIES 1992A AND 1992B**

The Municipal Building Authority of Carbon County, Utah sold \$2,600,000 and \$1,250,000 in revenue bonds during 1992. The bond proceeds will be used to purchase land and build a new public safety building and related facility. Upon completion, the entire project will be leased to Carbon County. The rental income will be used to retire the bonds.

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND - SERIES 1992A INTEREST RATE 3.5% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-07	\$ 53,305	\$ 104,000	\$ 157,305
07-01-08	49,665	108,000	157,665
07-01-09	45,885	112,000	157,885
07-01-10	41,965	116,000	157,965
07-01-11	37,905	120,000	157,905
2012-2016	123,620	664,000	787,620
2017-2018	15,785	299,000	314,785
	<u>\$ 368,130</u>	<u>\$ 1,523,000</u>	<u>\$ 1,891,130</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND - SERIES 1992B INTEREST RATE 3.5% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-07	\$ 25,690	\$ 50,000	\$ 75,690
07-01-08	23,940	52,000	75,940
07-01-09	22,120	54,000	76,120
07-01-10	20,230	56,000	76,230
07-01-11	18,270	58,000	76,270
2012-2016	59,500	320,000	379,500
2017-2018	7,595	144,000	151,595
	<u>\$ 177,345</u>	<u>\$ 734,000</u>	<u>\$ 911,345</u>



3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH, - LEASE REVENUE  
BOND SERIES 1997 INTEREST RATE 3.0% PER ANNUM**

In July 1997 the Municipal Building Authority issued Series 1997 Lease Revenue Bonds in the amount of \$425,000.00. The proceeds to be used for the restoration and renovation of the County's Senior Citizen Center referred to as the Project. The Project will be leased back to Carbon County, and the lease revenue will be used to retire the debt.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
02-01-07	\$ 6,690	\$ 29,000	\$ 35,690
02-01-08	5,820	30,000	35,820
02-01-09	4,920	31,000	35,920
02-01-10	3,990	32,000	35,990
02-01-11	3,030	33,000	36,030
2012-2013	3,060	68,000	71,060
	<u>\$ 27,510</u>	<u>\$ 223,000</u>	<u>\$ 250,510</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE  
BOND SERIES 1998 - INTEREST RATE 2.5% PER ANNUM**

The Municipal Building Authority of Carbon County Utah sold \$122,750.00 in revenue bonds in 1999. The proceeds will be used to make airport improvements. The improvements will be leased to Carbon County and the rental income will be used to retire the debt.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-07	\$ 1,820	\$ 8,087	\$ 9,907
07-01-08	1,617	8,289	9,906
07-01-09	1,410	8,497	9,907
07-01-10	1,197	8,709	9,906
07-01-11	980	8,927	9,907
2012-2014	1,579	28,665	30,244
	<u>\$ 8,603</u>	<u>\$ 71,174</u>	<u>\$ 79,777</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001A**  
**(ACTIVE RE-ENTRY BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$400,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct an office building. The building will be leased to Active Re-Entry, a non-profit corporation.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-07		\$ 16,000	\$ 16,000
09-01-08		16,000	16,000
09-01-09		16,000	16,000
09-01-10		16,000	16,000
09-01-11		16,000	16,000
2012-2016		80,000	80,000
2017-2021		80,000	80,000
2022-2026		79,189	79,189
	<u>\$ ...</u>	<u>\$ 319,189</u>	<u>\$ 319,189</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001B**  
**(FAIRGROUNDS BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$120,000 in revenue bonds. The bonds are non-interest bearing. The proceeds will be used to construct buildings at the Carbon County Fairgrounds. The buildings will be leased to Carbon County.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-07		\$ 6,000	\$ 6,000
09-01-08		6,000	6,000
09-01-09		6,000	6,000
09-01-10		6,000	6,000
09-01-11		6,000	6,000
2012-2016		33,000	33,000
2017-2021		33,000	33,000
	<u>\$ ...</u>	<u>\$ 96,000</u>	<u>\$ 96,000</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006A  
(EMERGENCY SERVICES BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$275,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a building to house the County's emergency service agencies.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08		\$ 14,000	\$ 14,000
01-01-09		14,000	14,000
01-01-10		14,000	14,000
01-01-11		14,000	14,000
2012-2016		70,000	70,000
2017-2021		70,000	70,000
2017-2026		70,000	70,000
01-01-27		9,000	9,000
	\$ ...	\$ 275,000	\$ 275,000

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006B  
(EMERGENCY SERVICES BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$2,166,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a building to house the County's emergency service agencies.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08		\$ 108,000	\$ 108,000
01-01-09		108,000	108,000
01-01-10		108,000	108,000
01-01-11		108,000	108,000
2012-2016		540,000	540,000
2017-2021		540,000	540,000
2017-2026		540,000	540,000
01-01-27		114,000	114,000
	\$ ...	\$ 2,166,000	\$ 2,166,000

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006C  
(ROAD AND MAINTENANCE BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$1,525,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a new road and maintenance building to house the County's road shop and abatement functions.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08		\$ 61,000	\$ 61,000
01-01-09		61,000	61,000
01-01-10		61,000	61,000
01-01-11		61,000	61,000
2012-2016		305,000	305,000
2017-2021		305,000	305,000
2017-2026		305,000	305,000
2027-2031		305,000	305,000
01-01-32		61,000	61,000
	<u>\$ . . .</u>	<u>\$ 1,525,000</u>	<u>\$ 1,525,000</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006D  
(NORTH SPRINGS SHOOTING RANGE)**

The Municipal Building Authority of Carbon County Utah sold \$1,290,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a new outdoor shooting range.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08		\$ 65,000	\$ 65,000
01-01-09		65,000	65,000
01-01-10		65,000	65,000
01-01-11		65,000	65,000
2012-2016		325,000	325,000
2017-2021		325,000	325,000
2017-2026		325,000	325,000
01-01-27		55,000	55,000
	<u>\$ . . .</u>	<u>\$ 1,290,000</u>	<u>\$ 1,290,000</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006E**  
**(FAIRGROUNDS EXPO BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$998,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to expand the exhibition building at the County's fairgrounds.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-08		\$ 50,000	\$ 50,000
01-01-09		50,000	50,000
01-01-10		50,000	50,000
01-01-11		50,000	50,000
2012-2016		250,000	250,000
2017-2021		250,000	250,000
2017-2026		250,000	250,000
01-01-27		48,000	48,000
	<u>\$ ...</u>	<u>\$ 998,000</u>	<u>\$ 998,000</u>

**Governmental Activities:**

**SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE**  
**INTEREST RATE 7.0% PER ANNUM**

Southeastern Utah District Health entered into a capital lease with Carbon County Building Authority for the purchase of land, building and improvements.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-07	\$ 5,404	\$ 23,201	\$ 28,605
01-01-08	4,592	23,137	27,729
01-01-09	3,783	24,072	27,855
01-01-10	2,940	25,005	27,945
01-01-11	2,065	28,992	31,057
12-15-11	1,050	30,007	31,057
	<u>\$ 19,834</u>	<u>\$ 154,414</u>	<u>\$ 174,248</u>

3. LONG-TERM DEBT (Continued)

SUMMARY OF NET CHANGES - PRIMARY GOVERNMENT

<u>Description</u>	<u>Balance 01-01-06</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance 12-31-06</u>	<u>Due Within One Year</u>
<u>Business-type Activities</u>					
Lease Series 1985	\$ 91,300	\$ (91,300)			
MBA Lease Revenue 1997	251,000	(28,000)		\$ 223,000	\$ 29,000
Lease Series 1990	127,000	(24,000)		103,000	25,000
Lease Revenue 1992A	1,624,000	(101,000)		1,523,000	104,000
Lease Revenue 1992B	783,000	(49,000)		734,000	50,000
MBA Lease Revenue 1998	79,103	(7,929)		71,174	8,087
Lease Revenue 2001A	335,189	(16,000)		319,189	16,000
Lease Revenue 2001B	102,000	(6,000)		96,000	6,000
MBA Lease Revenue 2006A			\$ 275,000	275,000	
MBA Lease Revenue 2006B			2,166,000	2,166,000	
MBA Lease Revenue 2006C			1,525,000	1,525,000	
MBA Lease Revenue 2006D			1,290,000	1,290,000	
MBA Lease Revenue 2006E			998,000	998,000	
	<u>\$ 3,392,592</u>	<u>\$ (323,229)</u>	<u>\$ 6,254,000</u>	<u>\$ 9,323,363</u>	<u>\$ 238,087</u>
<u>Governmental Activities</u>					
Lease Series 1988					
SEUDH Capital Lease	\$ 176,675	\$ (22,261)	\$ ...	\$ 154,414	\$ 23,201

3. **LONG-TERM DEBT (Continued)**

**COMPONENT UNITS**

Annual debt service requirements to maturity for bonds are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 1,091,206	\$ 218,796	\$ 1,310,002
2008	925,437	185,101	1,110,538
2009	1,060,232	149,939	1,210,171
2010	606,914	110,957	717,871
2011	632,162	85,111	717,273
2012-2013	1,343,549	87,708	1,431,257
	<u>\$ 5,659,500</u>	<u>\$ 837,612</u>	<u>\$ 6,497,112</u>

**Community Impact Bonus Loan Payable** – Scofield Reservoir Special Service District secured a Community Impact Board Bonus Loan dated May 16, 1989, in the District's name for \$200,000. It bears an interest rate of 2.5% per annum, with final payment due September 30, 2013. Annual payments of \$10,855 including interest are required to be paid until the debt is paid in full.

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 9,206	\$ 1,649	\$ 10,855
2008	9,437	1,418	10,855
2009	9,673	1,182	10,855
2010	9,914	941	10,855
2011	10,162	693	10,855
2012-2013	17,549	617	18,166
	<u>\$ 65,941</u>	<u>\$ 6,500</u>	<u>\$ 72,441</u>

3. **LONG-TERM DEBT (Continued)**

Carbon County Recreation & Transportation Special Service District issued \$2,500,000 in Road Improvement Revenue Refunding Bonds - Series 1994. The bonds carry an interest rate of 3.0% per annum with interest and principal payments commencing August 1, 2005 and on each August 1<sup>st</sup> thereafter until maturity. The bonds mature on August 1, 2009. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
2007	\$ 451,000	\$ 41,837	\$ 492,837
2008	465,000	28,307	493,307
2009	478,559	14,357	492,916
Total	<u>\$ 1,394,559</u>	<u>\$ 84,501</u>	<u>\$ 1,479,060</u>

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,005,000 of Highway Revenue Bonds for the "C" Canyon Toll Road Project. The bonds carry an interest rate ranging from 6.1% to 6.4% per annum and are payable semi-annually each April 1<sup>st</sup> and October 1<sup>st</sup> commencing April 1, 1999. Principal payments on this bond issue began on October 1, 1999 and continue through October 1, 2013. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
April 1, 2007		\$ 53,830	\$ 53,830
October 1, 2007	\$ 206,000	53,830	259,830
April 1, 2008		47,238	47,238
October 1, 2008	219,000	47,238	266,238
April 1, 2009		40,230	40,230
October 1, 2009	233,000	40,230	273,230
April 1, 2010		33,123	33,123
October 1, 2010	248,000	33,123	281,123
April 1, 2011		25,559	25,559
October 1, 2011	263,000	25,559	288,559
2012 - 2013	575,000	53,131	628,131
	<u>\$ 1,744,000</u>	<u>\$ 453,091</u>	<u>\$ 2,197,091</u>



3. **LONG-TERM DEBT (Continued)**

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,300,000 of Highway Revenue Bonds for the Dugout Canyon Toll Road Project. The bonds carry an annual interest rate of 3.0%. The District is required to make principal and interest payments each July 1<sup>st</sup> until the bonds mature on July 1, 2013. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
2007	\$ 225,000	\$ 67,650	\$ 292,650
2008	232,000	60,900	292,900
2009	339,000	53,940	392,940
2010	349,000	43,770	392,770
2011	359,000	33,300	392,300
2012-2013	751,000	33,960	784,960
	<u>\$ 2,255,000</u>	<u>\$ 293,520</u>	<u>\$ 2,548,520</u>

During 2003, the District entered into a promissory note to purchase real property and certain mineral and water rights located in Scofield, Utah. The terms of the agreement are as follows: Consideration for an option for fifty thousand dollars (\$50,000) allowed the District ninety days to exercise an option to purchase the aforementioned property for \$1,000,000. The District later exercised their option by paying \$150,000 down and signing an \$800,000 promissory note secured by a deed of trust. The note of \$800,000 carries an interest rate of zero percent per annum. Principal payments on this note begin on December 31, 2004 and continue each December 31<sup>st</sup> thereafter until maturity. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>TOTAL PRINCIPAL AND INTEREST</u>
2007	<u>\$ 200,000</u>	<u>\$ 200,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

### 3. LONG-TERM DEBT (Continued)

#### SUMMARY OF NET CHANGES - COMPONENT UNITS

<u>Description</u>	<u>Balance 01-01-06</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance 12-31-06</u>	<u>Due Within One Year</u>
Scofield Reservoir SSD Impact Bonus Loan	\$ 74,923	\$ (8,982)		\$ 65,941	\$ 9,206
C.C. Roads SSD Revenue Refunding Series 1994	1,832,559	(438,000)		1,394,559	451,000
C.C. Recreation & Transportation SSD Highway Revenue Bond Series 1998	1,938,000	(194,000)		1,744,000	206,000
C.C. Recreation & Transportation SSD Toll Road Revenue Bond Series 1998	2,473,000	(218,000)		2,255,000	225,000
C.C. Recreation & Transportation SSD Promissory Note	400,000	(200,000)		200,000	200,000
	<u>\$ 6,718,482</u>	<u>\$(1,058,982)</u>	<u>\$ ...</u>	<u>\$ 5,659,500</u>	<u>\$ 1,091,206</u>

### 4. DEPOSITS AND INVESTMENTS

It is the County's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to non-major funds, is displayed on the Balance Sheet for Governmental Funds and the Statement of Net Assets for proprietary funds, respectively, as "cash and investments." Total non-fiduciary cash and investments are also reflected on the government-wide Statement of Net Assets. The fiduciary fund's portion is found on the Statement of Fiduciary Assets and Liabilities. Income from the investment of the pooled cash is allocated based on each fund's balance in the pool. In addition, cash is separately held by several funds.

#### **4. DEPOSITS AND INVESTMENTS**

##### ***Custodial Credit Risk-Deposits***

The Act requires the depositing of public funds only in a "qualified depository" or a "permitted depository". A "qualified depository" is a Utah depository institution, which complies with capital ratios and public deposit limits established by rule of the Council and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A "permitted depository" is an out-of-state financial institution that meets quality criteria established by rule of the Council. The custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered.

The County's deposits are insured up to \$100,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2006, the bank balance of the County's deposits was \$3,580,293.

##### ***Investments***

Investments are recorded at fair value or at cost where there is no material difference from fair value based upon quoted market prices as of December 31, 2006, with the difference between the purchase price and market price being recorded as interest income.

The Act also defines the types of securities allowed as appropriate investments for the County and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities.

Allowable investments under the Act include:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted depositories.
- Repurchase agreements with qualified depositories or government security dealers certified by the director of the State Division of Securities as meeting quality criteria established by the State Money Management Council.
- Commercial paper, which has a remaining term of 270 days or less, which is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's.
- Bankers' acceptances that are eligible for discount at a Federal reserve bank and which have a remaining term of 270 days or less.
- Obligations of the United States Treasury, including bills, notes, and bonds.

4. **DEPOSITS AND INVESTMENTS (Continued)**

Allowable investments under the Act include (Continued):

- Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Agriculture Mortgage Corporation, and Tennessee Valley Authority.
- Corporate obligations maturing in two years or less, which are rated "A" or higher by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's.
- Shares or certificates in a money market mutual fund that comply with Rule 2a-7 of the Securities Exchange Commission.
- Utah Public Treasurer's Investment Fund.

The carrying amount and fair value of the County's investments at December 31, 2006 is as follows:

<b><u>Investment Type</u></b>	<b><u>Carrying Amount and Fair Value</u></b>	<b><u>Investment Maturities (in years)</u></b>			
		<b><u>Less Than 1</u></b>	<b><u>1-5</u></b>	<b><u>6-10</u></b>	<b><u>More Than 10</u></b>
<b>Debt Securities:</b>					
Repurchase Agreements	<u>\$ 1,128,130</u>	<u>\$ 1,128,130</u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$ 1,128,130</u>	<u>\$ 1,128,130</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>
<b>Other Investments:</b>					
Utah Public Treas. Invest. Fund	<u>20,170,287</u>				
<b>Total investments</b>	<u><u>\$ 21,298,417</u></u>				

The Utah Public Treasurer's Investment Fund ("the Pool") is a voluntary external Local Government Investment Pool managed by the Utah State Treasurer to improve investment efficiency and yield. These monies are invested in securities permitted by the Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2,000,000. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

4. **DEPOSITS AND INVESTMENTS (Continued)**

Government and agency securities consist of U.S. Treasury bonds, notes and bills, Federal Home notes and government mutual funds with underlying securities that are U.S. Treasury bonds, notes and bills.

***Interest Rate Risk-Investments***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The County's policy for managing interest rate risk is to comply with the Utah Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and to 365 days or less for fixed rate negotiable deposits, and fixed rate corporate obligations. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

***Credit Risk of Debt Securities***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and Component Units follows the Utah Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The County's rated debt investments as of December 31, 2006 were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

	<u>Carrying Amount and Fair Value</u>	<u>Quality Rating</u>
<b><u>Debt Securities</u></b>		
Repurchase Agreements	\$ 1,128,130	Not Rated

#### 4. DEPOSITS AND INVESTMENTS (Continued)

##### *Custodial Credit Risk-Investment*

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The County's investments at December 31, 2006 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$2,565,075 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

##### *Concentration of Credit Risk-Investment*

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the United States government and its agencies. The County complies with the concentration limits of Rule 17 of the Utah Money Management Act.

##### Total Reconciliation

Description	Primary Government	Component Units	Fiduciary Funds
Investments - restricted		\$ 9,224,977	
Cash and cash equivalents	\$ 907,008	3,665,020	\$ 1,449,263
Cash - restricted	164,676		
Investments	10,620,751	979,161	473,528
	<u>\$ 11,692,435</u>	<u>\$ 13,869,158</u>	<u>\$ 1,922,791</u>
Deposits	\$ 1,071,684	\$ 3,665,020	\$ 1,449,263
Investments	10,620,751	10,204,138	473,528
	<u>\$ 11,692,435</u>	<u>\$ 13,869,158</u>	<u>\$ 1,922,791</u>

## **5. RETIREMENT PLAN - PRIMARY GOVERNMENT**

### **CARBON COUNTY**

**Plan Description.** Carbon County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy:** Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Carbon County is required to contribute 7.08% of their annual covered salary from January to June and 7.58% from July to December. In the Local Governmental Noncontributory Retirement System Carbon County is required to contribute 11.09% of their annual covered salary from January to June and 11.59% from July to December. In the Public Safety Retirement System, Carbon County is required to contribute 19.34% with an increase to 22.38% effective July 1, 2006, of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Carbon County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$19,804.31, \$18,902.26 and \$16,232.81 respectively and for the Noncontributory Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$397,144.82, \$374,818.99 and \$327,310.88 respectively and for the Public Safety Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$296,043.79, \$246,119.73 and \$198,949.38 respectively. The contributions were equal to the required contributions for each year.

### **SOUTHEASTERN UTAH DISTRICT HEALTH**

**Plan Description.** Southeastern Utah District Health contributes to the Local Governmental Contributory Retirement System. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

**5. RETIREMENT PLAN - PRIMARY GOVERNMENT (Continued)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy.** Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Southeastern Utah District Health is required to contribute 7.08% of their annual covered salary from January to June and 7.58% from July to December. In the Local Governmental Noncontributory Retirement System, Southeastern Utah District Health is required to contribute 11.09% of their annual covered salary from January to June and 11.59% from July to December. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Southeastern Utah District Health contributions to Local Governmental Contributory Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$9,237.14, \$8,552.87 and \$7,325.20 respectively and for the Noncontributory Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$143,311.44, \$136,205.49 and \$121,871.75 respectively. The contributions were equal to the required contributions for each year.

**6. CONTINGENT LIABILITIES**

The County and certain of its officials are defendants in a variety of legal actions involving matters of contract, property, tort, taxation and civil rights. The resolution of these matters is not expected to have a material effect on the County's financial position and have not been provided for the accompanying financial statements.

**7. PROPERTY TAXES**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on or before November 30.

The County Treasurer collects property taxes levied by the County and other taxing entities within the County (such as the school district). These tax collections are accounted for in the Treasurer's Tax Collection Trust. The Treasurer apportions and remits collected taxes to the Funds of the County and to other taxing entities periodically.



8. **OFF BALANCE SHEET RISK**

Carbon County, the Primary Government, and its Component Units have many bank accounts with various banking institutions. Some of the bank account balances are substantially over \$100,000. By maintaining several accounts with the same bank with balances exceeding \$100,000, the County has amounts that exceed the FDIC insurance limitation. Consequently, there is a potential loss to the extent that amounts are not insured.

9. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member Counties. The County pays an annual premium to UAC for its general insurance coverage. The agreement for formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

The County continues to carry commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years.

10. **MUNICIPAL SOLID WASTE LANDFILLS**

Carbon County has a landfill that operates within the County. The County has filed with the State for operating permits for the landfill and has received a written approval.

Carbon County has obtained information necessary to determine the nature and source of landfill closure and postclosure care requirements. An amount of liability for closure and postclosure care costs, estimated total current cost of closure and postclosure care remaining to be recognized, percentage of landfill capacity used to date and the nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations has been calculated by the County and the engineers. The County has set aside an amount of \$25,896 to be put into an account held by the Utah Public Treasurer's Investment Pool.

11. **RECONCILIATION OF INTERFUND TRANSFERS**

The following table provides a reconciliation of all interfund transfers:

Fund	Transfers In	Transfers Out
General	\$ 1,700,000	\$ 1,340,704
Municipal Services		1,700,000
Tax Stability	100,000	
Municipal Building Authority	139,802	
Other Governmental	1,255,704	154,802
	<u>\$ 3,195,506</u>	<u>\$ 3,195,506</u>

12. **BUDGETARY COMPLIANCE**

Unfavorable budget variances were incurred in the following funds:

GENERAL FUND -

Airport	\$ 49,674
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MUNICIPAL SERVICES FUND -

Highways and public improvements	\$ 164,093
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CASTLE COUNTRY TRAVEL FUND	\$ 2,140
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911 EMERGENCY TELEPHONE FUND	\$ 42,308
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13. **JOINT VENTURE**

The County is a member of a joint venture known as Four Corners Community Mental Health Center.

Under Utah State Code Sections 17A-3-600 and 17A-3-700, the State has given substance abuse and mental health authorities to counties to provide mental health and substance abuse services to persons living within their boundaries. To comply with Utah State Code, Carbon, Emery and Grand counties have joined together and created Four Corners Community Mental Health Center. The Center is the entity created by the counties to hold the mental health and substance abuse authorities and provide services required by the State of Utah. The Center has been organized as a non-profit corporation and the governing boards of three counties appointed the original board of directors. The Center contracts with the counties to provide mental health and substance abuse services to the citizens of the three-county area. As part of this contract, the counties provide funds to the Center by contracting for grants with the State of Utah and passing proceeds through to the Center, and by each county making additional local contributions. Because of these agreements, the three counties have an ongoing financial responsibility.

Four Corners Community Mental Health Center was audited for the fiscal year ended June 30, 2006, by Wiggins & Company, Ogden, Utah.

14. **FUND BALANCE RESERVATIONS/NET ASSETS RESTRICTIONS**

GENERAL FUND -

\$372,050 is the balance of Restaurant tax collected, to be used for the promotion of tourism and related activity within the county and surrounding area.

\$25,896 is reserved to cover the estimated costs of the landfill closure at some future date.

**14. FUND BALANCE RESERVATIONS/NET ASSETS RESTRICTIONS (Continued)**

**MUNICIPAL SERVICES FUND –**

The balance of Class "B" funds reserved for future expenditures relating to "B" roads was \$138,780 at December 31, 2006.

\$2,988,049 is the balance of Municipal Services Fund and has been reserved for the purpose of meeting sinking fund and reserve requirements of bond covenants and because bond funds received are to be held for construction projects such the North Springs Shooting Range.

\$587,646 is the restricted fund balance of Southeastern Utah Health District and represents amounts that are legally restricted for specific purposes by external contracts.

The remaining reserved fund balances simply represents the balance of funds available for expenditures related to the purpose for which the fund was created.

**15. DEFICIT FUND BALANCE**

The Capital Project fund, non-major, had a deficit fund balance of \$289,733, at December 31, 2006.

The Fair Grounds fund, a non-major special revenue fund, had a deficit fund balance of \$68,168, at December 31, 2006.

The Castle County Travel fund, a non-major special revenue fund, had a deficit fund balance of \$26,149, at December 31, 2006.

**CARBON COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2006**

	SPECIAL REVENUE FUNDS										CAPITAL PROJECTS FUND		TOTAL NONMAJOR GOVERNMENTAL FUND
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	CARBON COUNTY FUTURE	R.S.V.P.	CASTLE COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	OTHER			
<b>ASSETS</b>													
Cash	\$ 131,785	\$ (59,406)	\$ 70,918	\$ 110,740	\$ 37,989	\$ 48,814	\$ (20,554)	\$ 91,875	\$ 78,238	\$ (128,772)	\$		\$ 361,627
Receivables	12,885			142,163				3,996	21,729				180,773
Total assets	\$ 144,670	\$ (59,406)	\$ 70,918	\$ 252,903	\$ 37,989	\$ 48,814	\$ (20,554)	\$ 95,871	\$ 99,967	\$ (128,772)	\$		\$ 542,400
<b>LIABILITIES AND FUND BALANCES</b>													
<b>LIABILITIES:</b>													
Accounts payable	\$ 2,852	\$ 6,946	\$ 8,373	\$ 54,200	\$ 506	\$ 6,072	\$ 5,333	\$ 2,369	\$ 5,897	\$ 160,961	\$		\$ 253,509
Accrued liabilities	559	1,816	1,911		671	441	262	1,060	2,844				9,564
Total liabilities	\$ 3,411	\$ 8,762	\$ 10,284	\$ 54,200	\$ 1,177	\$ 6,513	\$ 5,595	\$ 3,429	\$ 8,741	\$ 160,961	\$		\$ 263,073
<b>FUND BALANCES:</b>													
Unreserved, reported in:													
Special revenue fund	\$ 141,259	\$ (68,168)	\$ 60,634	\$ 198,703	\$ 36,812	\$ 42,301	\$ (26,149)	\$ 92,442	\$ 91,226	\$ (289,733)	\$		\$ 279,327
Total fund balances	\$ 141,259	\$ (68,168)	\$ 60,634	\$ 198,703	\$ 36,812	\$ 42,301	\$ (26,149)	\$ 92,442	\$ 91,226	\$ (289,733)	\$		\$ 279,327
Total liabilities and fund equity	\$ 144,670	\$ (59,406)	\$ 70,918	\$ 252,903	\$ 37,989	\$ 48,814	\$ (20,554)	\$ 95,871	\$ 99,967	\$ (128,772)	\$		\$ 542,400

**CARBON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	SPECIAL REVENUE FUNDS										CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	CARBON COUNTRY FUTURE	R.S.V.P.	CASTLE COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	OTHERS		
<b>REVENUES:</b>												
Taxes	\$ 211,018											\$ 211,018
Intergovernmental	1,375											645,530
Charges for services		\$ 33,206	\$ 115,560	\$ 133,508	\$ 77,643	\$ 61,909	\$ 78,987	\$ 52,633	\$ 123,915			164,131
Contributions		9,012	130,925							\$ 225,310		234,322
Miscellaneous	1,716			154,349		21,448		56,606	119,462			353,581
Total revenues	\$ 214,109	\$ 42,218	\$ 246,485	\$ 287,857	\$ 77,643	\$ 83,357	\$ 78,987	\$ 109,239	\$ 243,377	\$ 225,310		\$ 1,608,582
<b>EXPENDITURES:</b>												
Public safety		\$ 396,775	\$ 383,694	\$ 292,308								\$ 292,308
Parks, recreation and public property												780,469
Public health					\$ 138,309	\$ 99,952	\$ 127,140	\$ 259,980	\$ 703,479			1,063,411
Conservation and economic development	\$ 115,088											380,537
Capital outlay										\$ 274,847		274,847
Total expenditures	\$ 115,088	\$ 396,775	\$ 383,694	\$ 292,308	\$ 138,309	\$ 99,952	\$ 127,140	\$ 259,980	\$ 703,479	\$ 274,847		\$ 2,791,572
Excess of revenues over (under) expenditures	\$ 99,021	\$ (354,557)	\$ (137,209)	\$ (4,451)	\$ (60,666)	\$ (16,595)	\$ (48,153)	\$ (150,741)	\$ (460,102)	\$ (49,537)		\$ (1,182,990)
Other financing sources (uses):												
Transfers in		\$ 339,700	\$ 140,000		\$ 69,160	\$ 14,000	\$ 15,000	\$ 180,101	\$ 497,743			\$ 1,255,704
Transfers out	\$ (15,000)									\$ (139,802)		(154,802)
Total other financing sources (uses)	\$ (15,000)	\$ 339,700	\$ 140,000	\$ ...	\$ 69,160	\$ 14,000	\$ 15,000	\$ 180,101	\$ 497,743	\$ (139,802)		\$ 1,100,902
Excess of revenues and other sources over (under) expenditures and other uses	\$ 84,021	\$ (14,857)	\$ 2,791	\$ (4,451)	\$ 8,494	\$ (2,595)	\$ (33,153)	\$ 29,360	\$ 37,641	\$ (189,339)		\$ (82,088)
Fund Balances - Beginning of year	57,238	(53,311)	57,843	203,154	28,318	44,896	7,004	63,082	53,585	(100,394)		361,415
Fund Balances - End of year	\$ 141,259	\$ (68,168)	\$ 60,634	\$ 198,703	\$ 36,812	\$ 42,301	\$ (26,149)	\$ 92,442	\$ 91,226	\$ (289,733)		\$ 279,327

CARBON COUNTY  
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2006

	HEUGLY AND CARBON COUNTY	SCOFIELD ASPEN COVE	SOUTHEASTERN UTAH DISTRICT HEALTH	FOUR CORNERS COMMUNITY BEHAVIORAL HEALTH	DISTRICT AND PRECINCT COURT	CLERK'S TRUST	COLLECTION TRUST	TOTAL ALL FIDUCIARY FUNDS
<u>ASSETS</u>								
Investments								
Cash on hand and in banks	\$ 34,904	\$ 93,246	\$ 361,152	\$ 485,701	\$ 64,104	\$ 2,034	\$ 473,528	\$ 473,528
Receivable - taxes							408,122	1,449,263
Miscellaneous Receivable							359,909	359,909
							1,897	1,897
Total assets	\$ 34,904	\$ 93,246	\$ 361,152	\$ 485,701	\$ 64,104	\$ 2,034	\$ 1,243,456	\$ 2,284,597
<u>LIABILITIES</u>								
Accounts payable								\$ 18,835
Precinct fees, bail and bonds payable								45,269
Due to taxing units							\$ 1,243,456	1,243,456
Alimony, support and miscellaneous						\$ 2,034		2,034
Due to other agencies	\$ 34,904	\$ 93,246	\$ 361,152	\$ 485,701				975,003
Total liabilities	\$ 34,904	\$ 93,246	\$ 361,152	\$ 485,701	\$ 64,104	\$ 2,034	\$ 1,243,456	\$ 2,284,597

CARBON COUNTY  
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF  
DECEMBER 31, 2006

TAX UNITS	TREASURER'S RELIEF						OTHER COLLECTIONS					
	ADJUSTED TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	UNPAID TAXES	ABATEMENTS	OTHER ADJUSTMENTS	TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	FEES IN LIEU	MISCELLANEOUS	DELINQUENCIES TAXES PENALTY AND INTEREST
COUNTY FUNDS:												
General fund	\$ 2,042,172,260	0.002266	\$ 4,629,084	\$ 53,000	\$ 18,300	\$ 1,217	\$ 72,517	\$ 4,556,567	98.43%	\$ 387,844	\$ 41,395	\$ 83,346
Municipal services	1,579,191,794	0.000166	262,196	2,013	388	(43)	2,357	259,839	99.10%	20,331	2,460	1,448
Assessing and collecting	2,042,172,260	0.000436	892,834	10,209	3,521	283	14,012	878,822	98.43%	80,144	8,126	9,914
Total County Funds			\$ 5,784,114	\$ 65,222	\$ 22,209	\$ 1,456	\$ 88,887	\$ 5,695,228		\$ 488,319	\$ 51,981	\$ 94,707
SCHOOL DISTRICT:												
Carbon	2,042,172,260	0.006050	\$ 12,378,689	\$ 141,605	\$ 48,858	\$ 4,186	\$ 194,649	\$ 12,184,040	98.43%	\$ 1,085,421	\$ 112,407	\$ 136,533
CITIES AND TOWNS:												
Price City	271,392,157	0.002543	\$ 692,024	\$ 15,133	\$ 9,597	\$ 242	\$ 24,972	\$ 667,052	96.39%	\$ 77,365	\$ 4,091	\$ 18,265
Helper City	45,387,442	0.002481	112,631	3,584	2,463	252	6,299	106,332	94.41%	20,113	2,286	4,169
East Carbon City	43,186,107	0.006207	268,218	8,812	3,031	3,212	15,055	253,163	94.39%	18,326	(159)	9,290
Wellington City	43,062,520	0.002259	96,817	3,844	837	244	4,925	91,892	94.91%	13,049	694	3,227
Sunnyside	54,673,044	0.003191	174,487	1,088	363	117	1,567	172,920	99.10%	5,455	1,814	986
Scotfield Town	5,379,196	0.000709	3,812	290		6	296	3,516	92.25%	52	15	414
Total Cities and Towns			\$ 1,347,990	\$ 32,750	\$ 16,292	\$ 4,071	\$ 53,114	\$ 1,294,876		\$ 134,360	\$ 8,740	\$ 36,351
OTHER DISTRICTS:												
Price River Water Improvement	998,536,039	0.000904	\$ 906,306	\$ 12,816	\$ 6,740	\$ 72	\$ 19,628	\$ 886,678	97.83%	\$ 160,156	\$ 8,023	\$ 15,661
Carbon Water Conservancy	2,042,172,260	0.000120	245,127	2,807	969	64	3,839	241,288	98.43%	20,502	2,187	2,621
Total Other Districts			\$ 1,151,433	\$ 15,623	\$ 7,709	\$ 136	\$ 23,467	\$ 1,127,965		\$ 180,658	\$ 10,209	\$ 18,282
GRAND TOTAL												
			\$ 20,662,226	\$ 255,199	\$ 95,068	\$ 9,850	\$ 360,117	\$ 20,302,109		\$ 1,888,758	\$ 183,337	\$ 285,873

CARBON COUNTY  
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	GENERAL HEALTH	IMMUNIZATIONS NON VFC	WIC	MCH BLOCK	FLU	CANCER CONTROL
Revenues:						
State Reimbursement	\$ 237,026		\$ 379,413	\$ 87,610		\$ 35,841
General Health	145,022	\$ 89,512		9,026	\$ 92,893	1,259
County	282,947					
School Nurses	2,250					
Miscellaneous	17,646					
Grants and other government resources	3,560	2,217		11,758	2,464	
Total Revenues	\$ 688,451	\$ 91,729	\$ 379,413	\$ 108,394	\$ 95,357	\$ 37,100
Expenditures:						
Salaries	\$ 127,995	\$ 15,123	\$ 232,458	\$ 56,619	\$ 12,995	\$ 28,239
Fringe Benefits	63,189	7,624	105,539	26,624	5,539	13,505
Consultants	871	102	5,394	397	82	150
Contract - MD	1,267	50	1,997	184	52	94
Contract - Travel			498			
Patient care	946			16,145		840
Pharmacy	9,352			4,237		
Supplies - Medical	10,093	79,210	4,702	2,509	68,547	1,053
Travel	26,252	172	11,023	3,423	79	990
Dues - Periodicals	599	56	914	230	52	74
Education - Training	3,776	44	2,516	940		101
Capital Purchases	43,021	15	173	2,087	9	215
Utilities	2,380	241	3,826	816	198	452
Maintenance - Repairs	3,957	439	6,704	1,638	395	782
Insurance	1,239	158	2,252	422	336	140
Data Processing	1,014	764	118	1,372	2,299	12
Postage	1,248	121	2,071	474	107	228
Printing - Binding	1,493	14	161	124	4	8
Supplies - Office	7,680	308	4,779	2,348	96	515
Laboratory	8,342			2,672		
Telephone	4,129	280	7,581	1,055	217	527
Other	9,895	568	14	328	24	1,170
Interest	6,219					
Debt payment	22,261					
State match						
Mini Grants						
Total Expenditures	\$ 357,218	\$ 105,289	\$ 392,720	\$ 124,644	\$ 91,031	\$ 49,095
Net Revenues/(Expenditures)	\$ 331,233	\$ (13,560)	\$ (13,307)	\$ (16,250)	\$ 4,326	\$ (11,995)



**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>TOBACCO PREVENTION</b>	<b>INDOOR CLEAN AIR</b>	<b>TOBACCO VIOLATIONS</b>	<b>TUBERCULOSIS ELIMINATION</b>	<b>EARLY INTER- VENTION</b>	<b>SENIOR HEALTH</b>
<b>Revenues:</b>						
State Reimbursement	\$ 455	\$ 1,630		\$ 6,272	\$ 105,709	\$ 4,603
General Health	88,330		\$ 4,500		150,236	
County						
School Nurses						
Miscellaneous						
Grants and other government resources						
<b>Total Revenues</b>	<b>\$ 88,785</b>	<b>\$ 1,630</b>	<b>\$ 4,500</b>	<b>\$ 6,272</b>	<b>\$ 255,945</b>	<b>\$ 4,603</b>
<b>Expenditures:</b>						
Salaries	\$ 45,181	\$ 1,867		\$ 8,701	\$ 130,025	\$ 980
Fringe Benefits	25,277	859		4,069	48,741	648
Consultants	345	14		45	913	4
Contract - MD	2,848	7		28	53,384	71
Contract - Travel					1,183	
Patient Care						
Pharmacy				337		
Supplies - Medical						
Travel	2,063	27		640	11,676	80
Dues - Periodicals	164	7		45	507	5
Education - Training	899	8		65	687	327
Capital Purchases	225			9	108	2,745
Utilities	736	30		144	1,839	12
Maintenance - Repairs	1,278	50		267	3,260	36
Insurance	372	13		132	1,242	2
Data Processing	64			4	547	
Postage	376	16		73	982	18
Printing - Binding	167			3	1,005	
Supplies - Office	1,645	31		118	5,811	930
Laboratory						
Telephone	836	34		159	2,905	19
Other	9,338	4			75	6
Interest						
Debt payment						
State match						
Mini Grants						
<b>Total Expenditures</b>	<b>\$ 91,814</b>	<b>\$ 2,967</b>	<b>\$</b>	<b>\$ 14,839</b>	<b>\$ 264,890</b>	<b>\$ 5,883</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (3,029)</b>	<b>\$ (1,337)</b>	<b>\$ 4,500</b>	<b>\$ (8,567)</b>	<b>\$ (8,945)</b>	<b>\$ (1,280)</b>

CARBON COUNTY  
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	IMMUNIZATIONS	BIOTERRORISM	PREVENTION BLOCK	HIV	ENVIRON- MENTAL HEALTH CHS	EPSDT/ CHEC
<b>Revenues:</b>						
State Reimbursement	\$ 44,836	\$ 232,062	\$ 58,382	\$ 1,000	\$ 12,500	\$ 33,051
General Health	20,513				80,947	
County						
School Nurses						
Miscellaneous						
Grants and other government resources	46,871					
<b>Total Revenues</b>	<b>\$ 112,220</b>	<b>\$ 232,062</b>	<b>\$ 58,382</b>	<b>\$ 1,000</b>	<b>\$ 93,447</b>	<b>\$ 33,051</b>
<b>Expenditures:</b>						
Salaries	\$ 86,229	\$ 92,420	\$ 34,529	\$ 3,749	\$ 128,056	\$ 17,904
Fringe Benefits	45,574	43,339	17,978	1,604	51,724	9,971
Consultants	555	660	119	20	794	133
Contract - MD	283	803	200	12	386	61
Contract - Travel						
Patient Care						
Pharmacy						
Supplies - Medical	2,418					1,871
Travel	3,031	27,484	3,798	163	6,957	313
Dues - Periodicals	336	2,229	430	6	486	59
Education - Training	580	3,272	765	25	577	352
Capital Purchases	89	29,178	534	2	110	18
Utilities	1,380	1,570	698	58	2,133	302
Maintenance - Repairs	2,525	3,367	1,001	101	3,662	515
Insurance	772	1,003	463	5	1,246	176
Data Processing	2,173	884	18		71	498
Postage	646	784	288	26	1,070	158
Printing - Binding	72	23	29		30	102
Supplies - Office	1,360	12,034	727	51	2,824	318
Laboratory						
Telephone	1,596	11,723	637	71	2,198	511
Other	291	364	203			19
Interest						
Debt payment						
State match						
Mini Grants			5,718			
<b>Total Expenditures</b>	<b>\$ 149,910</b>	<b>\$ 231,137</b>	<b>\$ 68,135</b>	<b>\$ 5,893</b>	<b>\$ 202,324</b>	<b>\$ 33,281</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (37,690)</b>	<b>\$ 925</b>	<b>\$ (9,753)</b>	<b>\$ (4,893)</b>	<b>\$ (108,877)</b>	<b>\$ (230)</b>

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>CARDIO-CDC</b>	<b>TOBACCO BUYS</b>	<b>CARE-A-VAN</b>	<b>PANDEMIC FLU</b>	<b>ALL COUNTIES SCHOOL NURSE</b>	<b>NEWBORN CARE</b>
<b>Revenues:</b>						
State Reimbursement	\$ 26,783	\$ 19,578		\$ 90,757		\$ 45,513
General Health County			\$ 9,156			
School Nurses					\$ 92,675	
Miscellaneous						
Grants and other government resources			46,074			
<b>Total Revenues</b>	<b>\$ 26,783</b>	<b>\$ 19,578</b>	<b>\$ 55,230</b>	<b>\$ 90,757</b>	<b>\$ 92,675</b>	<b>\$ 45,513</b>
<b>Expenditures:</b>						
Salaries	\$ 16,218	\$ 9,511	\$ 45,169	\$ 31,190	\$ 63,930	\$ 14,292
Fringe Benefits	9,074	4,360	15,559	15,784	25,549	6,564
Consultants	132	102	302	422	195	133
Contract - MD	54	30	149	154	210	46
Contract - Travel						
Patient Care						
Pharmacy						
Supplies - Medical					2,806	835
Travel	770	1,575	20,528	7,576	4,120	
Dues - Periodicals	65	37	170	73	619	47
Education - Training	79	23	150	13,471	727	36
Capital Purchases	10	4	38	16,812	68	10
Utilities	283	147	740	479	1,059	232
Maintenance - Repairs	439	257	1,292	955	1,849	402
Insurance	19	60	415	428	551	75
Data Processing	7	8	24	21	53	305
Postage	135	70	375	241	533	115
Printing - Binding	4	2	11	63	15	2
Supplies - Office	1,132	221	865	2,768	1,528	240
Laboratory						
Telephone	301	156	2,462	1,699	1,785	266
Other	1,371	3,234	178	254	354	7
Interest						
Debt payment						
State match			4,681			12,921
Mini Grants						
<b>Total Expenditures</b>	<b>\$ 30,093</b>	<b>\$ 19,797</b>	<b>\$ 93,108</b>	<b>\$ 92,390</b>	<b>\$ 105,951</b>	<b>\$ 36,528</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (3,310)</b>	<b>\$ (219)</b>	<b>\$ (37,878)</b>	<b>\$ (1,633)</b>	<b>\$ (13,276)</b>	<b>\$ 8,985</b>

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	INFANT DEVELOPMENT	MEDICAL RESPONSE CORP	CASE MANAGEMENT	ENVIRONMENTAL HEALTH DEQ	COMMUNITY BASED SERVICES	TOTAL
<b>Revenues:</b>						
State Reimbursement	\$ 12,341	\$ 11,260	\$ 54,789	\$ 88,366	\$ 101,074	\$ 1,690,851
General Health				46,711		738,105
County						282,947
School Nurses						94,925
Miscellaneous						17,646
Grants and other government resources						112,944
<b>Total Revenues</b>	<b>\$ 12,341</b>	<b>\$ 11,260</b>	<b>\$ 54,789</b>	<b>\$ 135,077</b>	<b>\$ 101,074</b>	<b>\$ 2,937,418</b>
<b>Expenditures:</b>						
Salaries	\$ 10,221		\$ 33,240	\$ 113,112	\$ 71,839	\$ 1,431,792
Fringe Benefits	4,400		11,884	52,992	26,026	643,996
Consultants	275		287	770	300	13,516
Contract - MD	34	\$ 2,500	112	358	235	65,609
Contract - Travel						1,681
Patient Care						17,931
Pharmacy						13,926
Supplies - Medical						174,044
Travel	510	3,566	1,620	7,339	761	146,536
Dues - Periodicals	24		114	441	292	8,081
Education - Training	27		321	368	241	30,377
Capital Purchases	2	6,080	2,049	99	77	103,787
Utilities	147		534	1,787	1,222	23,445
Maintenance - Repairs	277		919	3,235	2,112	41,714
Insurance			256	1,040	756	13,573
Data Processing	5	22	917	88	36	11,324
Postage	86	10	281	909	689	12,130
Printing - Binding		130	7	25	78	3,572
Supplies - Office	182	929	559	1,684	1,550	53,233
Laboratory				2,709		13,723
Telephone	469		612	2,651	1,565	46,444
Other	61	1,133	10		334	29,235
Interest						6,219
Debt payment						22,261
State match						17,602
Mini Grants						5,718
<b>Total Expenditures</b>	<b>\$ 16,720</b>	<b>\$ 14,370</b>	<b>\$ 53,722</b>	<b>\$ 189,607</b>	<b>\$ 108,113</b>	<b>\$ 2,951,469</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (4,379)</b>	<b>\$ (3,110)</b>	<b>\$ 1,067</b>	<b>\$ (54,530)</b>	<b>\$ (7,039)</b>	<b>\$ (14,051)</b>

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Carbon County  
Price, Utah 84501

### Re: Report on Legal Compliance with Applicable Utah State Laws and Regulations

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, for the year ended December 31, 2006, and have issued our report thereon dated August 3, 2007. As part of our audit, we have audited Carbon County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

- General Health – Minimum Performance (Department of Health)
- B Road Funds (Department of Transportation)
- Liquor Allotment (State Tax Commission)
- CIB Grant (Department of Community and Economic Development)
- CIB Loan (Department of Community and Economic Development)
- Children Justice Center (Department of Health and Human Services)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Carbon County's financial statements.)

- Early Intervention (Department of Health and Human Services)
- Environment Health DEQ (Department of Health and Human Services)
- T/B Medication (Department of Health and Human Services)
- Cancer Promotion and Control (Department of Health and Human Services)
- Indoor Clean Air (Department of Health and Human Services)
- PILT State (State Tax Commission)
- Retired Senior Volunteer Program (Department of Health and Human Services)
- Emergency Medical Services (Department of Health and Human Services)
- Library Bookmobile (Department of Community and Economic Development)
- CHEC (Department of Health and Human Services)
- HMEP (Department of Health and Human Services)
- Tobacco Prevention (Department of Health and Human Services)
- Emergency Mosquito Control (Department of Health and Human Services)
- Predator Control (Department of Natural Resources)
- Fire Control (Department of Natural Resources)
- LHD Environmental Services (Department of Health and Human Services)
- Children Justice Services (Department of Child and Family Services)

Consumer Education and Assistance (Department of Health and Human Services)  
Election Grant (Department of Community and Economic Development)  
Historic Preservation (Department of Community and Economic Development)  
State Planning Grant (Department of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt	Liquor Law Enforcement
Transient Room Tax	Cash Management
Statement of Taxes Charged, Collected and Disbursed	Purchasing Requirements
Assessing & Collecting of Property Taxes	Budgetary Compliance
B & C Road Funds	Justice Courts
Uniform Building Code	Truth in Taxation & Property Tax Limitations
	Other Compliance Requirements

The management of Carbon County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Carbon County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.

SMUIN, RICH & MARSING



Price, Utah

August 3, 2007

**CARBON COUNTY -  
SCHEDULE OF TRANSIENT ROOM TAX EXPENDITURE BREAKDOWN  
AUDIT DECEMBER 31, 2006**

**SUMMARY OF EXPENDITURES**

**ESTABLISHING AND PROMOTING:**

Tourism	\$ 130,088
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**ACQUIRING, LEASING, CONSTRUCTION, FURNISHING OR OPERATING:**

**PAYMENT OF PRINCIPAL, INTEREST, PREMIUMS, AND RESERVES ON BONDS:**

	<hr style="border: 0; border-top: 1px solid black;"/> <b>\$ 130,088</b> <hr style="border: 0; border-top: 1px solid black;"/>
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Board of County Commissioners  
Carbon County  
Price, Utah 84501

RE: Report on Compliance and Other Matters  
and on Internal Control Over Financial  
Reporting Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of and for the year ended December 31, 2006, which collectively comprise Carbon County's basis financial statements and have issued our report thereon dated August 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the County in a separate letter dated August 10, 2007.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

*Smuin, Rich & Marsing*

Price, Utah

August 3, 2007

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Carbon County  
Price, Utah 84501

RE: Report on Compliance With Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133

### Compliance

We have audited the compliance of Carbon County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements, laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### Internal Control Over Compliance

The management of Carbon County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

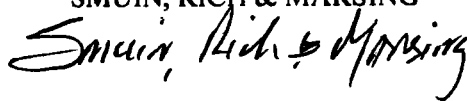
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

August 3, 2007

**CARBON COUNTY/SEUDHD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Carbon County.
2. There were no significant deficiencies or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Carbon County were disclosed by the audit.
4. There were no significant deficiencies or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Carbon County expresses an unqualified opinion.
6. The audit of Carbon County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
WIC Administration and Nutrition/Food Vouchers	10.557
Bioterrorism	93.283
Bioterrorism	93.889
Help America Vote Act	90.401

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Carbon County was determined to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None

**CARBON COUNTY/SEUDEDH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Direct Program:							
Forest Reserve Grant	10.670		\$ 25,000	\$	\$ 25,000	\$ 25,000	
Pass Through State Department:							
WIC Administration and Nutrition (Note 2)	10.557	C7-I	380,200		104,115	104,115	
WIC Administration and Nutrition (Note 2)	10.557	C7-I	368,500		275,012	275,012	
WIC Food Vouchers (Note 2)	10.557	C7-I	755,900		180,904	180,904	
WIC Food Vouchers (Note 2)	10.557	C7-I	901,800		534,950	534,950	
Summer Food	10.559	C6-II	200		1,947	1,947	
Forest Reserve Grant to Counties	10.666				35,991	35,991	
Pass Through Southeastern Utah Association of Governments:							
USDA Cash in Lieu	10.550	N/A	\$ 2,431,600	\$	\$ 1,157,919	\$ 1,157,919	\$
Total U.S. Department of Agriculture							
<b>U.S. DEPARTMENT OF INTERIOR</b>							
Direct Program:							
Noxious Weed Act	15.224				\$ 6,953	\$ 6,953	
Total U.S. Department of Housing and Urban Development			\$	\$	\$ 6,953	\$ 6,953	\$
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Direct Program:							
Victims of Crime	16.575	98-VOCA-06		\$	\$ 27,635	\$ 27,635	
National Children's Alliance	16.543				10,993	10,993	
Total U.S. Department of Justice			\$	\$	\$ 38,628	\$ 38,628	\$
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Pass through State Department:							
FAA - Airport Improvement Program	20.106	3-49-0026-10					
FAA - Airport Lighting System	20.106	3-49-0026-11	\$ 20,000		\$ 8,330	\$ 8,330	
Scenic Byway Grant	20.205						
Total U.S. Department of Transportation			\$ 20,000	\$	\$ 8,330	\$ 8,330	\$

• Major Programs

CARBON COUNTY/SEUDHD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass through State Department:							
TB Elimination	93.116	C5-I	\$ 6,435	\$	\$ 5,935	\$ 5,935	
Immunizations	93.268	C4-II	45,536		22,043	22,043	
Immunizations	93.268	C4-II	45,571		22,793	22,793	
Immunization Vaccine	93.268	N/A	185,645		185,645	185,645	
Cancer Promotion	93.283	C3-I	30,700		17,147	17,147	
Cancer Promotion	93.283	C3-I	35,700		17,247	17,247	
Bioterrorism	93.283	06-0950	303,709		228,586	228,586	
Bioterrorism	93.283	07-1141	304,961		96,914	96,914	
Comprehensive Tobacco	93.283	C3-V	33,000		16,447	16,447	
Comprehensive Tobacco	93.283	C3-V	33,000		25,763	25,763	
Bioterrorism	93.889	07-1595	185,645		11,260	11,260	
Social Services Block Grant - XX	93.667	N/A	5,414		5,407	5,407	
CHEC	93.778	C1-I	16,200		10,522	10,522	
CHEC	93.778	C1-I	17,888		11,865	11,865	
Care A Van Grant	93.778	C1-II	50,000		16,417	16,417	
Cons. Education & Assistance	93.778	C1-II	36,977		21,546	21,546	
Cons. Education & Assistance	93.940	C5-III	36,554		17,110	17,110	
HIV Counseling/Education	93.945	C3-II	1,000		1,000	1,000	
HDSP - CDC Cooperative	93.945	C3-II	50,000		20,996	20,996	
HDSP - CDC Cooperative	93.977	C5-II	35,000		5,786	5,786	
Sexually Transmitted Disease	93.977	C5-II	496		496	496	
Health Insurance Information Program	93.990	N/A	3,000		3,000	3,000	
Oral Health Program	93.110	C4-I	4,000		3,999	3,999	
HDSP - Preventative Block Grant	93.991	C3-II	23,333		12,847	12,847	
Basic Injury Prevention	93.991	C3-III	11,196		10,163	10,163	
Basic Injury Prevention	93.991	C3-III	11,196		1,192	1,192	
Basic Injury Prevention	93.994	C3-III	31,328		19,545	19,545	
Basic Injury Prevention	93.994	C3-III	31,733		14,635	14,635	
P-5 Home Visitation	93.994	C4-I	16,000		4,479	4,479	
P-5 Home Visitation	93.994	C4-I	16,000		7,862	7,862	
Community Based Services	93.994	C2-I	100,000		54,907	54,907	
Community Based Services	93.994	C2-I	97,500		46,167	46,167	
General Health	93.994	C4-I	87,610		43,805	43,805	
General Health	93.994	C4-I	87,610		43,805	43,805	

\* Major Programs

CARBON COUNTY/SEUDHD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass Through Southeastern Utah Association of Governments:						
Special Program of Aging -						
93.044	N/A	\$ 45,443		\$ 23,157	\$ 23,157	
93.044	N/A	47,953		23,976	23,976	
93.045	N/A	77,130		38,642	38,642	
93.045	N/A	77,704		38,852	38,852	
93.043	AOG	4,700		4,603	4,603	
93.667	AOG	8,013		4,135	4,135	
93.667	AOG	8,053		4,027	4,027	
93.667	N/A			1,802	1,802	
Total U.S. Department of Health and Human Services			\$ 2,248,933	\$ 1,166,525	\$ 1,166,525	\$
ELECTION ASSISTANCE COMMISSION						
Pass through State Department:						
Help America Vote Act						
90.401		\$ 315,400		\$ 315,400	\$ 315,400	
Total Environmental Protection Agency			\$ 315,400	\$ 315,400	\$ 315,400	\$
CORPORATION FOR NATIONAL SERVICE						
Direct Program:						
Retired Senior Volunteer Program						
94.002	440-P062/20	\$ 30,004	\$	\$ 30,004	\$ 30,004	\$
U.S. DEPARTMENT OF EDUCATION						
Pass through State Department:						
Early Intervention						
84.181	C2-II	\$ 61,563		\$ 31,305	\$ 31,305	
84.181	C2-II	65,087		24,823	24,823	
Total U.S. Department of Education			\$ 126,650	\$ 56,128	\$ 56,128	\$

\* Major Programs

### • Major Programs



**CARBON COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

**2. FOOD INSTRUMENTS**

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of Carbon County. The Southeastern Utah Health District operates the Women, Infant and Children program. As part of this program the Health District distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items. The dollar amounts, reported on the schedule of expenditures of federal awards, are the fair market value of the food instruments.

**3. VACCINES**

As part of the immunization program of the Southeastern Utah Health District, vaccines were provided by federal agencies. The fair market values of these vaccines have been reported on the schedule of expenditures of federal awards as immunization vaccines.

**4. MEDICAID CASE MANAGEMENT**

Medicaid Case Management is reimbursed on a fee for service basis. Because of this type of payment, the revenue exceeds the expenses for this program. In order not to have an accrued revenue amount for these programs, additional expenses have been recorded.

**CARBON COUNTY/SEUDHD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Carbon County had no prior audit findings that were required to be reported in the current audited financial statements, for previous audited financial statements or previously audited Federal Awards.

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
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## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners - Carbon County  
Southeastern Utah District Health Department  
Price, Utah 84501

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Carbon County for the year ended December 31, 2006.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

### CARBON COUNTY

#### DEFICIT FUND BALANCES

State of Utah law states that County's are not allowed to appropriate (spend) funds in excess of the estimated expendable revenues for the budget year. By so doing, they create a deficit fund balance. The State Auditor has taken the position that a fund deficit is illegally created debt in violation of the Utah Constitution. During the audit, we found that the Capital Projects Fund, Fairgrounds Board Fund, and Carbon County Travel Fund had deficit fund balances for the year ending December 31, 2006.

We recommend that adequate revenues be allocated to these Funds to eliminate the deficit in the current calendar year.

#### *Clients' Response*

*We understand and recognize the impact of overspending available resources in the funds and will correct the deficit fund balances in the current year.*

## **BUDGETARY COMPLIANCE**

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for any fund or department of the County. The County has overspent the following funds in the current fiscal year:

General Fund – Airport Department  
Special Revenue Funds – Carbon County Travel Fund  
911 Emergency Telephone Fund

We recommend the County review the expenditures made, with the adopted budget, to determine if the budgets of the departments or funds are being overspent. Department managers need to evaluate the expenditures for their departments to ensure that budgets are not being over spent.

### ***Clients' Response***

*We have committed ourselves to review the financial information, for all funds, on a regular basis. The auditors have made adjustments to our financial statements that have caused the financial information to be different and therefore, at times, has caused the expenditures to exceed the approved budget. We will continue to monitor the appropriated budget and take appropriate action if expenditures will exceed the approved budget for all funds.*

## **SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**

### **WIC POLICIES AND PROCEDURES**

We have reviewed policies and procedures in relation to the WIC (Women, Infants & children) Program operated by the Health Department. The WIC program issues food vouchers to eligible clients who use the vouchers to obtain predetermined quantities of food. The clients are required to sign or initial the voucher stub as part of the internal controls. If multiple vouchers are given, the client is required to sign or initial the first and last voucher stub. If the client fails to sign the voucher stub, assigned personnel in the WIC program are allowed to indicate on the voucher stub(s) that the client did receive the vouchers. During our review, we found five multiple voucher stubs that were not signed in both places and found two that did not contain any signatures.

We recommend that the Health Department continue to review the voucher stubs and continue to make every effort to have the client sign the stubs. If the client does not sign the voucher stub(s), Health Department personnel who are assigned to review the stubs should take the required the action to ensure compliance.

### ***Clients' Response***

*Procedures have been put in place that will ensure that all voucher stubs will be signed by the client or in the event a stub is missed, marked "Issued" with Certified Professional Authority's initials and date. Personnel will be assigned to review all stubs and take the required action to ensure compliance.*

## INVENTORY CONTROL SHEETS

During our review of the inventory internal controls for the Health Department, we found that the Health Department is not following their own policies and procedures. The Health Department uses inventory control sheets to calculate inventory costs and supply. Some of the inventory item costs have not been updated to reflect current costs and consequently the final inventory costs are not a reflection of current costs. Although the final accumulated dollar figure is not significant, the Health Department needs to accurately maintain the inventory control sheets to obtain proper inventory costs.

We recommend that the Health Department implement controls and have an internal check to determine if the controls are being followed. A random check of the inventory items throughout the year, should be performed to validate the inventory process.

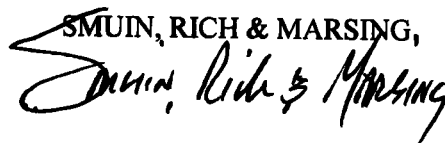
### *Clients' Response*

*The Health Department will make every effort to accurately maintain the inventory control sheets with current costs. This will be achieved by recording all costs when supplies are received. A check of the inventory items throughout the year will be performed to ensure the inventory process is accurately maintained.*

## SUMMARY

We feel the accounting procedures and internal control items mentioned above are some areas where Carbon County and Southeastern Utah District Health Department can make changes so as to further improve their internal control structures to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING,  


Price, Utah

August 10, 2007